
CITY OF COLUMBIA, SOUTH CAROLINA

SEVENTH SUPPLEMENTAL ORDINANCE NO. 2009-83

A SEVENTH SUPPLEMENTAL ORDINANCE SUPPLEMENTING FIFTH SUPPLEMENTAL ORDINANCE NO. 2007-072 AND PROVIDING FOR THE ISSUANCE AND SALE OF CITY OF COLUMBIA, SOUTH CAROLINA, WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2009, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$105,000,000; DELEGATING THE AUTHORITY TO THE MAYOR AND INTERIM CITY MANAGER TO DETERMINE CERTAIN MATTERS WITH RESPECT TO THE BONDS; MAKING CERTAIN AMENDMENTS TO GENERAL BOND ORDINANCE NO. 93-43 AND OTHER MATTERS RELATING THERETO.

Enacted: August 19, 2009

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBIA, SOUTH CAROLINA, IN COUNCIL ASSEMBLED:

Section 1. Definitions. The terms in this Section 1 and all words and terms defined in General Bond Ordinance No. 93-43 (the "General Bond Ordinance") enacted by the Council on May 21, 1993 (such General Bond Ordinance as from time to time amended or supplemented by Supplemental Ordinances being defined in the General Bond Ordinance as the "Ordinance") (except as herein otherwise expressly provided or unless the context otherwise requires), shall for all purposes of this Seventh Supplemental Ordinance have the respective meanings given to them in the Ordinance and in Section 1 hereof.

"2009 Debt Service Fund" shall mean the Fund established pursuant to Section 13 hereof to provide for the payment of the principal and interest on the Series 2009 Bonds.

"2009 Projects" shall mean, collectively, the improvements, extensions and enlargements to the System, including any one or more of the projects described in Schedule I hereto, and such other improvements as the City may deem necessary or incidental to the System.

"Alternate Credit Facility" means a replacement irrevocable direct-pay letter of credit, an insurance policy, a surety bond, line or lines of credit or other similar agreement or agreements or any other agreement or agreements used to provide credit support to the Series 2009 Bonds, containing administrative provisions reasonably satisfactory to the Paying Agent, issued to the Paying Agent in accordance with Section 16; provided, however, that any amendment, extension, renewal or substitution of the Credit Facility then in effect for the purpose of extending the expiration date thereof or modifying the Credit Facility pursuant to its terms shall not be deemed to be an Alternate Credit Facility for purposes of this Seventh Supplemental Ordinance.

"Alternate Liquidity Facility" means a replacement Liquidity Facility which is accepted by the Paying Agent pursuant to Section 22 of this Seventh Supplemental Ordinance; provided, however, that any amendment, extension, renewal or substitution of the Liquidity Facility then in effect for the purpose of extending the expiration date thereof shall not be deemed to be an Alternate Liquidity Facility for purposes of this Seventh Supplemental Ordinance.

"Authorized Denominations" means (i) with respect to any Long-Term Interest Rate Period, \$5,000 and any integral multiple thereof; and (ii) with respect to any Short-Term Interest Rate Period, Daily Interest Rate Period or Weekly Interest Rate Period, \$100,000 and any integral multiple of \$5,000 in excess of \$100,000.

"Authorized Representative" means a Person designated to act on behalf of the City (which may or may not be an employee or elected official of the City) in a certificate, bearing such Person's specimen signature, signed by the Mayor or Interim City Manager and provided to the Paying Agent.

"Available Moneys" means, if a Credit Facility is in effect, (i) moneys which have been paid to the Paying Agent by the City and have been on deposit with the Paying Agent for at least 124 days during which no Event of Bankruptcy shall have occurred, (ii) proceeds on deposit with the Tender Agent from the remarketing by the Remarketing Agent of such Series 2009 Bonds purchased as described in Section 6 hereof, which were at all times since their receipt by the Tender Agent held in a separate and segregated account or accounts or subaccount or subaccounts in which no moneys which were not Available Moneys were at any time held, (iii) moneys drawn under any Credit Facility which at all times since their receipt by the Paying Agent or the Tender Agent were held in a separate segregated account or accounts or sub-account or sub-accounts in which no moneys (other than those drawn under any Credit Facility) were at any time held, (iv) the proceeds of the sale of refunding obligations, and (v) investment earnings on any of the moneys described in clauses (i), (ii), (iii) or (iv) of this definition.

"Bank Bond" means a Series 2009 Bond which is owned by the Credit Provider or Liquidity Facility Provider (or its respective nominee or custodian) and which is purchased by the Credit Provider or Liquidity Facility Provider (as applicable) pursuant to the Credit Facility Provider Agreement or Liquidity Facility; provided, however, that any Series 2009 Bonds shall cease to be Bank Bonds upon any Bank Bond Return Date.

"Bank Bond Rate" means the interest rate, if any, specified in the Liquidity Facility or Credit Facility Provider Agreement then in effect as the rate at which Bank Bonds shall bear interest, such rate not to exceed the Maximum Bank Bond Interest Rate; provided, however, that if no such rate is specified in the Liquidity Facility or Credit Facility Provider Agreement then in effect, then Bank Bonds shall bear interest (in any event not to exceed the Maximum Bank Bond Interest Rate) during any Daily Interest Rate Period or Weekly Interest Rate Period (A) with respect to any period in which ALL the Bonds constitute Bank Bonds, at the rate equal to 100% of the SIFMA Municipal Swap Index; and (B) with respect to any period in which some but LESS THAN all of the Bonds constitute Bank Bonds, at the rate equal to the rate borne by such Bonds not constituting Bank Bonds; and (C) during any Short-Term Interest Rate Period, at the rate equal to 100% of the SIFMA Municipal Swap Index. For the avoidance of doubt, the Bank Bonds Rate is a rate separate and distinct from any rate of interest or other amount charged by a Liquidity Facility Provider or Credit Facility Provider with respect to any loan or advance made or deemed made by it to fund the Purchase Price of tendered Bonds.

"Bank Bond Return Date" shall mean the time of any sale of Bank Bonds and payment to the holder of the Bank Bonds of the outstanding principal and interest accrued on the Bank Bonds so sold, or any election by a holder of Bank Bonds not to sell such Bank Bonds or any portion thereof through the Remarketing Agent pursuant to the Credit Facility Provider Agreement or Liquidity Facility (as applicable) and to retain such Bank Bonds as a holder of Series 2009 Bonds (other than Bank Bonds).

"Beneficial Holder" shall mean any purchaser who acquires beneficial ownership interest in any Initial Bond held by the Depository. In determining any Beneficial Holder, the City, the Registrar and the Paying Agent may rely exclusively upon written representations made and information given to the City, the Registrar and the Paying Agent, as the case may be, by the Depository or its Participants with respect to any Series 2009 Bond held by the Depository or its Participants in which a beneficial ownership interest is claimed.

"Bond Interest Term" means, with respect to any Series 2009 Bond, each period established in accordance with Section 5(g) during which such Series 2009 Bond shall bear interest at a Bond Interest Term Rate.

"Bond Interest Term Rate" means, with respect to each Series 2009 Bond, a term, non-variable interest rate on such Bond established periodically in accordance with Section 5(g).

"Bond Purchase Agreement" shall mean the Bond Purchase Agreement to be dated the date of execution and delivery thereof between the Underwriters and the City, as amended or supplemented thereto.

"Bonds of 1993" shall mean the original principal amount \$74,765,000 Waterworks and Sewer System Revenue Bonds, Series 1993, dated May 1, 1993, and outstanding as of the date of this Seventh Supplemental Ordinance in the principal amount of \$24,470,000.

"Bonds of 1999" shall mean the original principal amount \$61,125,000 Waterworks and Sewer System Revenue Bonds, Series 1999, dated October 1, 1999, and outstanding as of the date of this Seventh Supplemental Ordinance in the principal amount of \$3,025,000.

"Bonds of 2001" shall mean the original principal amount \$41,500,000 Water and Sewer System Refunding Revenue Bonds, Series 2001, dated November 1, 2001, and outstanding as of the date of this Seventh Supplemental Ordinance in the principal amount of \$37,550,000.

"Bonds of 2005" shall mean the original principal amount \$60,000,000 Waterworks and Sewer System Revenue Bonds, Series 2005, dated June 15, 2005, and outstanding as of the date of this Seventh Supplemental Ordinance in the principal amount of \$60,000,000.

"Book-Entry Form" or "Book-Entry System" shall mean with respect to the Series 2009 Bonds, a form or system, as applicable, under which (a) the ownership of beneficial interests in the Series 2009 Bonds may be transferred only through a book-entry and (b) physical bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Holder, with the physical bond certificates "immobilized" in the custody of the Depository. The book-entry maintained by the Depository is the record that identifies the owners of participatory interests in the Series 2009 Bonds, when subject to the Book-Entry System.

"Business Day" shall mean (1) a Saturday or Sunday, (ii) a day on which banks located in New York, New York or the cities in which the principal office of the City, the Liquidity Facility Provider, if any, the Remarketing Agent, the Paying Agent, the Tender Agent and the Credit Provider, if any, are required or authorized by law to remain closed, and (iii) a day on which the New York Stock Exchange is not closed.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Construction Fund of 2009" shall mean the Fund established pursuant to Section 38 hereof into which a portion of the proceeds of the Series 2009 Bonds will be deposited and from

which such proceeds will be disbursed to pay the Costs of Acquisition and Construction of the 2009 Projects and Costs of Issuance.

"Council" shall mean the City Council of the City.

"Credit Facility" means, initially, the Letter of Credit, and, upon the effectiveness of an Alternate Credit Facility, shall mean such Alternate Credit Facility, and all amendments, extensions, renewals or substitutions of any of the foregoing.

"Credit Facility Provider Agreement" means, initially, the Letter of Credit and Reimbursement Agreement dated its date of execution, between the City and U.S. Bank National Association, as the initial Credit Provider, as the same may be amended from time to time, and any agreement of the City with a Credit Provider setting forth the obligations of the City to such Credit Facility Provider arising out of any payments under a Credit Facility and which provides that it shall be deemed to be a Credit Facility Provider Agreement for the purpose of this Seventh Supplemental Ordinance.

"Credit Provider" means U.S. Bank National Association, as the initial Credit Provider, or any bank or other financial institution (or its successors and assigns), in its capacity as issuer of a Credit Facility, and upon the effectiveness of an Alternate Credit Facility, means the bank or banks or other financial institution or financial institutions which are then parties to such Alternate Credit Facility.

"Custodian" shall mean the bank, depository or trust company selected by the Mayor or Interim City Manager, or either of them acting alone, as Custodian (as defined in the General Bond Ordinance) of the Construction Fund of 2009.

"Daily Interest Rate" shall mean the interest rate on the Series 2009 Bonds established pursuant to Section 5(d).

"Daily Interest Rate Period" shall mean each period during which a Daily Interest Rate is in effect.

"Depository" shall mean any securities depository that is a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended, operating and maintaining, with its Participants or otherwise, a Book-Entry System to record ownership of beneficial interests in the Series 2009 Bonds, and to effect transfers of the Series 2009 Bonds, in Book-Entry Form, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

"Event of Bankruptcy" means the commencement of a case by the City under the United States Bankruptcy Code or under any other domestic bankruptcy act or any similar act which hereafter may be enacted (other than such proceedings initiated by the City against third parties other than the City), unless such case shall have been dismissed and such dismissal shall be final and not subject to appeal.

"Event of Immediate Termination" means any event that allows the Liquidity

Facility Provider pursuant to the terms of the Liquidity Facility to terminate or suspend its obligation to provide funds for the purchase of the Series 2009 Bonds immediately upon the occurrence of certain events without giving any notice to the Paying Agent or the City.

"Favorable Opinion of Bond Counsel" means an opinion of Bond Counsel, addressed to the City, the Remarketing Agent, the Credit Provider, if any, or Liquidity Facility Provider, if any, and the Paying Agent to the effect that the action proposed to be taken is authorized or permitted by the laws of the State and this Seventh Supplemental Ordinance and will not adversely affect any exclusion from gross income for federal income tax purposes, or any exemption from State of South Carolina income taxes, of interest on the Series 2009 Bonds.

"Fifth Supplemental Ordinance" shall mean Fifth Supplemental Ordinance No. 2007-072 of the Council of the City enacted on September 19, 2007.

"First Supplemental Ordinance" shall mean First Supplemental Ordinance No. 1993-44 of the Council of the City enacted on May 21, 1993.

"Fourth Supplemental Ordinance" shall mean Fourth Supplemental Ordinance No. 2005-013 of the Council of the City enacted on May 18, 2005.

"General Bond Ordinance" shall mean Ordinance No. 93-43 of the Council of the City enacted on May 21, 1993.

"Initial Bonds" shall mean the Series 2009 Bonds initially issued in Book-Entry Form as provided in Section 7 hereof.

"Interest Accrual Date" means (i) with respect to any Daily Interest Rate Period, the first day thereof and, thereafter, the first day of each calendar month, (ii) with respect to any Weekly Interest Rate Period, the first day thereof and, thereafter, the first Thursday of each calendar month during that Weekly Interest Rate Period, (iii) with respect to any Long-Term Interest Rate Period, the first day thereof and, thereafter, each Interest Payment Date in respect thereof, other than the last such Interest Payment Date, (iv) with respect to each Bond Interest Term within a Short-Term Interest Rate Period, the first day thereof and (v) for Bank Bonds, as set forth in the Liquidity Facility or the Credit Facility Provider Agreement then in effect; provided that if no such Interest Accrual Date is specified in the Liquidity Facility or the Credit Facility Provider Agreement, then the Interest Accrual Date for Bank Bonds shall be the Interest Accrual Date which would apply if such Bank Bonds were not Bank Bonds.

"Interest Payment Date" means (i) with respect to any Daily Interest Rate Period, the fifth Business Day of each calendar month, (ii) with respect to any Weekly Interest Rate Period, the first Thursday of each calendar month, or, if such first Thursday shall not be a Business Day, the next succeeding Business Day, (iii) with respect to any Long-Term Interest Rate Period, each June 1 and December 1, or, if any such June 1 or December 1 shall not be a Business Day, the next succeeding Business Day, (iv) with respect to any Short-Term Interest Rate Period, the day next succeeding the last day thereof, and (v) for Bank Bonds, as set forth in the Liquidity Facility or the Credit Facility Provider Agreement then in effect; provided that if no such Interest Payment Date is specified in the Liquidity Facility or the Credit Facility Provider Agreement, then the Interest Payment Date for Bank Bonds shall be the date upon which interest would be payable if such Bank

Bonds were not Bank Bonds. The initial Interest Payment Date shall be determined by the Mayor and Interim City Manager, or either of them acting alone, pursuant to Section 36 hereof.

"Interest Rate Period" means any Daily Interest Rate Period, Weekly Interest Rate Period, Short-Term Interest Rate Period or Long-Term Interest Rate Period.

"Investment Contract" shall mean, collectively, the BMA Master Repurchase Agreement (September 1996 Version) dated as of December 12, 2006, as supplemented by Annex I thereto, between Citigroup Global Markets Inc., as provider (the "Provider"), and the City, as buyer (the "Buyer"), and a Custodial Undertaking in Connection with Master Repurchase Agreement dated as of December 12, 2006, among the Provider, the Buyer and The Bank of New York, as custodian.

"Issue Date" shall mean the date on which the Series 2009 Bonds are delivered to the Underwriter upon original issuance, as shall be determined by the Mayor and Interim City Manager, or either of them acting alone, pursuant to Section 36 hereof.

"Letter of Credit" shall mean the irrevocable direct-pay letter of credit, which provides for the payment of principal and interest and Purchase Price with respect to the Series 2009 Bonds, issued by U.S. Bank National Association, as the initial Credit Provider, pursuant to the initial Credit Facility Provider Agreement.

"Letter of Representations" shall mean the Blanket Letter of Representations dated October 5, 1999, executed and delivered by the City to the Depository.

"Liquidity Facility" shall mean a letter of credit, standby bond purchase agreement, line of credit, loan, guaranty or similar agreement (including any renewals or extensions of the same) by a Liquidity Facility Provider to provide liquidity support to pay the Purchase Price of the Series 2009 Bonds tendered for purchase in accordance with the provisions of this Seventh Supplemental Ordinance and, upon the issuance and delivery of an Alternate Liquidity Facility, "Liquidity Facility" shall mean such Alternate Liquidity Facility. The initial Credit Facility shall not constitute a "Liquidity Facility" for purposes of this Seventh Supplemental Ordinance.

"Liquidity Facility Provider" shall mean the provider of a Liquidity Facility, and its successors and permitted assigns, and, upon the issuance and delivery of an Alternate Liquidity Facility, the issuer of such Alternate Liquidity Facility and each of their successors in such capacity.

"Long-Term Interest Rate" means, with respect to each Series 2009 Bond, a term, non-variable interest rate on such Series 2009 Bond established in accordance with Section 5(f).

"Long-Term Interest Rate Period" means each period during which a Long-Term Interest Rate is in effect.

"Maturity Date" shall mean February 1, 2038, or such other date as may be determined by the Mayor and Interim City Manager, or either of them acting alone, pursuant to Section 36 hereof.

"Maximum Bank Bond Interest Rate" means the lesser of (a) the rate of 25% per

annum and (b) the Maximum Lawful Rate.

"Maximum Bond Interest Rate" means the lesser of 12% per annum and the Maximum Lawful Rate.

"Maximum Lawful Rate" means the maximum rate of interest on the relevant obligation permitted by applicable law.

"Moody's" shall mean Moody's Investors Service, Inc., or its successor.

"Officer's Certificate" shall mean a certificate signed by an Authorized Representative.

"Official Statement" shall mean the Official Statement of the City to be prepared and distributed in connection with the sale and delivery of the Series 2009 Bonds.

"Parity Bonds" shall mean the Bonds of 1993, the Bonds of 1999, the Bonds of 2001 and the Bonds of 2005.

"Participant" shall mean any bank, brokerage house or other financial institution for which, from time to time, the Depository effects book-entry transfers and pledges of securities deposited with the Depository.

"Paying Agent" shall mean U.S. Bank National Association, as Paying Agent for the Series 2009 Bonds. The Paying Agent shall also be the Custodian (as defined in the General Bond Ordinance) of the 2009 Debt Service Fund.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

"Preliminary Official Statement" shall mean the Official Statement of the City to be prepared and distributed in connection with the sale and delivery of the Series 2009 Bonds.

"Principal Office" means, with respect to the Paying Agent, the Registrar, the Tender Agent, the Credit Provider, if any, the Liquidity Facility, if any, or the Remarketing Agent, the address for such party set forth in Section 44, as it may be changed from time to time pursuant to the provisions of Section 44.

"Purchase Date" when used with respect to any Series 2009 Bond, means the date upon which the Tender Agent is obligated to purchase such Series 2009 Bond pursuant to this Seventh Supplemental Ordinance.

"Purchase Fund" means the fund so designated which is established with the Tender Agent pursuant to the Tender Agreement and Section 29 hereof.

"Purchase Price" means, with respect to any Series 2009 Bond required to be purchased by the Tender Agent pursuant to this Seventh Supplemental Ordinance, an amount equal

to the principal amount of such Series 2009 Bond plus, if the Purchase Date is other than an Interest Payment Date, accrued interest thereon at the rate applicable to the Series 2009 Bonds from the most recent Interest Accrual Date to but excluding the Purchase Date, and plus the redemption premium (if any) set forth in Section 8(b)(iii) pursuant to Section 6(c) hereof.

"Rating Agency" shall mean Moody's and/or S&P, as applicable.

"Registrar" shall mean U.S. Bank National Association, as Registrar for the Series 2009 Bonds.

"Regular Record Date" means (a) with respect to any Interest Payment Date in respect of any Daily Interest Rate Period, the last Business Day of each calendar month and, in the case of the last Interest Payment Date in respect to a Daily Interest Rate Period, the Business Day immediately preceding such Interest Payment Date, (b) with respect to any Interest Payment Date in respect of any Weekly Interest Rate Period or any Short-Term Interest Rate Period, the Business Day immediately preceding such Interest Payment Date, and (c) with respect to any Interest Payment Date in respect of any Long-Term Interest Rate Period, the fifteenth day immediately preceding such Interest Payment Date or, in the event that an Interest Payment Date shall occur less than 15 days after the first day of a Long-Term Interest Rate Period, such first day.

"Remarketing Agreement" shall mean the Remarketing Agreement between the City and the Remarketing Agent, as supplemented or amended.

"Remarketing Agent" shall mean the remarketing agent or agents appointed in accordance with Section 25, and any successor or successors appointed pursuant to the provisions of this Seventh Supplemental Ordinance.

"S&P" shall mean Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., or its successor.

"Second Supplemental Ordinance" shall mean Second Supplemental Ordinance No. 99-082 of the Council of the City enacted on September 22, 1999.

"Series 2009 Bonds" shall mean the City of Columbia, South Carolina, Waterworks and Sewer System Revenue Bonds, Series 2009, in the aggregate principal amount of not exceeding \$105,000,000, authorized to be issued hereunder.

"Seventh Supplemental Ordinance" shall mean this Seventh Supplemental Ordinance No. 2009-83 of the Council of the City enacted on August 19, 2009.

"Short-Term Interest Rate Period" means each period, comprised of Bond Interest Terms, during which Bond Interest Term Rates are in effect.

"SIFMA Municipal Swap Index" shall mean the Securities Industry and Financial Markets Association Municipal Swap Index (previously known as the "Bond Market Association Municipal Swap Index" or the "PSA Municipal Swap Index") announced by Municipal Market Data; provided, that if such Municipal Swap Index is no longer produced, any reasonably equivalent nationally recognized index as determined by the Remarketing Agent, with notice to the

City, the Credit Provider, if any, and the Liquidity Facility Provider, if any, for use in its stead.

"Sixth Supplemental Ordinance" shall mean Sixth Supplemental Ordinance No. 2009-87 of the Council of the City enacted on August 19, 2009.

"Subseries" shall mean any Subseries of Series 2009 Bonds established pursuant to Section 4.

"Swap" shall mean the interest rate swap transaction entered into under the authorization of the Fifth Supplemental Ordinance.

"Swap Provider" shall mean JPMorgan Chase Bank, N.A., as the provider of the Swap.

"Tender Agent" shall mean U.S. Bank National Association, and its successor or successors as Tender Agent appointed pursuant to the provisions of this Seventh Supplemental Ordinance.

"Tender Agreement" means the Tender Agent Agreement among the Paying Agent, the City, the Tender Agent and the Remarketing Agent, as supplemented or amended.

"Third Supplemental Ordinance" shall mean Third Supplemental Ordinance No. 2001-090 of the Council of the City enacted on October 24, 2001.

"Undelivered Bonds" means any Bond so designated in accordance with the provisions of Sections 6(f)(i) or 6(g)(ii).

"Underwriters" shall mean Morgan Keegan & Company, Inc., and Grigsby & Associates.

"Value" or "Values," with respect to any Permitted Investments for the 2009 Debt Service Fund, calculated under the Ordinance, shall be determined as of any date of calculation as follows:

- (a) the bid price published by a nationally recognized pricing service as selected by the City in its sole discretion;
- (b) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and
- (c) as to any investment not specified above: the value thereof established by the City in any reasonable manner.

"Weekly Interest Rate" shall mean the interest rate on the Series 2009 Bonds established pursuant to Section 5(e).

"Weekly Interest Rate Period" shall mean each period during which a Weekly Interest Rate is in effect.

Section 2. Certain Findings and Determinations.

The Council hereby finds and determines:

(a) The Council has heretofore enacted the Fifth Supplemental Ordinance, providing for the issuance of not exceeding \$105,000,000 principal amount of the City's waterworks and sewer revenue bonds. The Fifth Supplemental Ordinance contemplates that such bonds would either be issued as fixed or variable rate obligations and that the Council would enact a Supplemental Bond Ordinance (as defined in the Fifth Supplemental Ordinance) to authorize the specific terms of such bonds. This Seventh Supplemental Ordinance supplements the Ordinance (including particularly the Fifth Supplemental Ordinance), constitutes and is a "Supplemental Ordinance" within the meaning of such quoted term as defined and used in the Ordinance, and is enacted under and pursuant to the Ordinance. The provisions of the Fifth Supplemental Ordinance, including particularly the findings and determinations set forth in Sections 2 and 4 thereof, are hereby repeated as if fully set forth in this Seventh Supplemental Ordinance.

(b) The Series 2009 Bonds constitute and are "Bonds" within the meaning of the quoted word as defined and used in the Ordinance.

(c) Subject to the following sentence, the Net Revenues pledged under the Ordinance are not encumbered by any lien and charge thereon or pledge thereof, other than (i) the lien and charge thereon and the pledge thereof created by the General Bond Ordinance and the First Supplemental Ordinance for the payment and security of the Bonds of 1993; (ii) the lien and charge thereon and pledge thereof created by the General Bond Ordinance and the Second Supplemental Ordinance for the payment and security of the Bonds of 1999; (iii) the lien and charge thereon and pledge thereof created by the General Bond Ordinance and the Third Supplemental Ordinance for the payment and security of the Bonds of 2001; (iv) the lien and charge thereon and pledge thereof created by the General Bond Ordinance and the Fourth Supplemental Ordinance for the payment and security of the Bonds of 2005; and (v) the lien and charge thereon and pledge thereof created by the General Bond Ordinance and this Supplemental Ordinance for the payment and security of the Series 2009 Bonds. The City has heretofore entered into (1) the Swap which is secured by a pledge of and lien and charge upon the Net Revenues of the System, which lien and charge is subordinate and inferior to the lien and charge thereof securing the Outstanding Parity Bonds and any other Bonds issued pursuant to the General Bond Ordinance on a parity with the Outstanding Parity Bonds (including the Series 2009 Bonds) and (2) the Investment Contract, the City's payment obligations under which are limited to Net Revenues of the System available "to meet any obligations of the City which are or which shall become charges, liens or encumbrances upon the Revenues of the System" as provided in Section 6.7 of the General Bond Ordinance.

(d) There does not exist an Event of Default, nor does there exist any condition which, after the passage of time or the giving of notice, or both, would constitute such Event of Default.

(e) The period of usefulness of the System is in excess of thirty (30) years from the date hereof.

(f) The estimated Cost of Acquisition and Construction of the 2009 Project is \$99,133,200 to be financed in part with the proceeds of the Series 2009 Bonds.

(g) Article III of the General Bond Ordinance provides that one or more Series of Bonds may be issued for such purposes as may be permitted by the Act upon compliance with certain provisions of the General Bond Ordinance for the purposes of paying the Costs of Acquisition and Construction of one or more Projects authorized to be financed under the Act. Bonds issued upon compliance with Section 3.2 and Section 3.3 of the General Bond Ordinance shall be issued on a parity as to the Net Revenues of the System in all respects *inter sese*.

(h) The Series 2009 Bonds are being issued for the purposes of (i) improving and enlarging the System (i.e., the 2009 Projects); and (ii) paying the Costs of Issuance of the Series 2009 Bonds.

(i) It is necessary and in the best interest of the City to undertake the 2009 Projects and to issue the Series 2009 Bonds in the principal amount of not exceeding \$105,000,000 in accordance with the Ordinance, the Act, and this Seventh Supplemental Ordinance for the purposes set forth above, which Series 2009 Bonds shall be issued on a parity with the Outstanding Parity Bonds.

Section 3. Authorization of the 2009 Projects and Series 2009 Bonds.

(a) There is hereby approved and authorized the undertaking of the 2009 Projects. The period of usefulness of the System after the completion of the 2009 Projects is determined to be not less than thirty (30) years from the date hereof.

(b) There is hereby authorized to be issued a Series of Bonds designated "City of Columbia, South Carolina, Waterworks and Sewer System Revenue Bonds, Series 2009" (the "Series 2009 Bonds"), in the aggregate principal amount of not exceeding \$105,000,000. The proceeds of the Series 2009 Bonds shall be used for the purposes set forth in Section 2(h) hereof.

(c) The Series 2009 Bonds shall initially be dated the Issue Date, but, thereafter, each Series 2009 Bond shall be dated the date of its authentication. Each Series 2009 Bond shall bear interest from the dates described in Section 5(a) hereof. The Series 2009 Bonds will mature (subject to the right of prior redemption at the prices and dates and upon the terms and conditions hereinafter set forth) on the Maturity Date. The Series 2009 Bonds shall be issued as fully registered Series 2009 Bonds in Authorized Denominations. The Series 2009 Bonds shall be numbered and lettered in such a fashion as to maintain a proper record thereof.

(d) The principal of, redemption premium, if any, and interest on the Series 2009 Bonds shall be payable in lawful money of the United States of America. The principal of and redemption premium, if any, on the Series 2009 Bonds shall be payable at the designated trust office of the Paying Agent, upon the presentation and surrender of the Series 2009 Bonds as the same become due and payable. The interest on the Series 2009 Bonds shall be paid as provided in Section 5(i) hereof. Except as otherwise provided in a Credit Facility Provider Agreement or Liquidity Facility, if any payment of interest or principal or redemption premium on the Series 2009 Bonds is due on a date which is not a Business Day, payment shall be made on the next succeeding Business Day with the same force and effect as if made on the date which is fixed for such

payment, and no interest shall accrue on such amount for the period after such due date.

(e) The Series 2009 Bonds and the assignment provisions pertaining thereto shall be in substantially the form set forth in Exhibit A hereto, with such necessary or appropriate variations, omissions and insertions as are incidental to the series, numbers, denominations, maturities, interest rate or rates, redemption provisions, the purpose of issuance and other details thereof or as are otherwise permitted or required by law or by the Ordinance, including this Seventh Supplemental Ordinance.

(f) A copy of the approving opinion to be rendered on the Series 2009 Bonds shall be attached to each Series 2009 Bond, preceding the same a certificate shall appear, which shall be signed on behalf of the City by a manual or facsimile signature of the Clerk to the Council. Such certificate shall be in the form substantially as follows:

IT IS HEREBY CERTIFIED that the following is a true and correct copy of the complete legal opinion (except for date, letterhead and signature) of McNair Law Firm, P.A., Columbia, South Carolina, the original of which was manually executed, dated and issued as of the date of the delivery of and payment for the bonds, and a copy of which is on file with City of Columbia, South Carolina.

CITY OF COLUMBIA, SOUTH CAROLINA

By: _____
Clerk

Section 4. Designation of Series 2009 Bonds; Certain Particulars and Authentication of Series 2009 Bonds. The Series 2009 Bonds shall be issued in one series in the aggregate principal amount of not exceeding \$105,000,000. In order to distinguish between Series 2009 Bonds which are subject to different Interest Rate Periods, the Series 2009 Bonds may be designated and redesignated (as herein provided) in such a way as to identify several Subseries. Such Subseries may be designated as Subseries 2009-1, Subseries 2009-2, and so forth. Each Series 2009 Bond shall bear upon the face thereof such designation or redesignation, if any.

If the Series 2009 Bonds are redesignated to identify several Subseries, the Series 2009 Bonds shall be numbered in accordance with their Subseries designation; *i.e.*, 2009-1, 2009-2, and so forth.

Only such Series 2009 Bonds as shall have endorsed thereon a certificate of authentication substantially in the form set forth in Exhibit A, duly executed by the Registrar, shall be entitled to any right or benefit under this Seventh Supplemental Ordinance. No Series 2009 Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Registrar, and such executed certificate of the Registrar upon any such Series 2009 Bonds shall be conclusive evidence that such Series 2009 Bond has been authenticated and delivered under this Seventh Supplemental Ordinance. The certificate of authentication of the Registrar on any Series 2009 Bond shall be deemed to have been executed by it if signed with an authorized signature of the Registrar, but it shall not be necessary that the same party or the same person sign the certificate of authentication on all of the Series 2009 Bonds issued hereunder.

Section 5. Terms of Series 2009 Bonds.

(a) Subject to Section 6(i) hereof, (i) for any Daily Interest Rate Period, interest on the Series 2009 Bonds shall be payable on each Interest Payment Date for the period commencing on the Interest Accrual Date preceding the prior Interest Payment Date (or, in the case of the first Interest Payment Date during any Daily Interest Rate Period, the Interest Accrual Date which is the first day of such Daily Interest Rate Period preceding such Interest Payment Date) and ending on the last day of the month in which such Interest Accrual Date occurs (or, if sooner, the last day of the Daily Interest Rate Period), and (ii) for any Weekly Interest Rate Period, interest on the Series 2009 Bonds shall be payable on each Interest Payment Date for the period commencing on the immediately preceding Interest Accrual Date (or, if any Interest Payment Date is not a Thursday, commencing on the second preceding Interest Accrual Date) and ending on the Wednesday immediately preceding the Interest Payment Date (or, if sooner, the last day of the Weekly Interest Rate Period). For any Short-Term Interest Rate Period or Long-Term Interest Rate Period, interest on the Series 2009 Bonds shall be payable on each Interest Payment Date for the period commencing on the immediately preceding Interest Accrual Date and ending on the day immediately preceding such Interest Payment Date. In any event, interest on the Series 2009 Bonds shall be payable for the final Interest Rate Period to the date on which the Series 2009 Bonds shall have been paid in full.

(b) Interest shall be computed, in the case of a Long-Term Interest Rate Period, on the basis of a 360-day year consisting of twelve 30-day months, and in the case of any other Interest Rate Period, on the basis of 365 or 366-day year, as appropriate, for the actual number of days elapsed. Interest on the Bank Bonds shall be calculated as determined in the Liquidity Facility or Credit Facility Provider Agreement, as applicable.

(c) In the manner hereinafter provided, the term of the Series 2009 Bonds will be divided into consecutive Interest Rate Periods during each of which the Series 2009 Bonds (except while Bank Bonds) shall bear interest at the Daily Interest Rate, Weekly Interest Rate, Bond Interest Term Rates or a Long-Term Interest Rate; provided, however, that no Series 2009 Bond (other than Bank Bonds) shall bear interest in excess of the Maximum Bond Interest Rate and no Bank Bond shall bear interest in excess of the Maximum Bank Bond Interest Rate. The first Interest Rate Period shall commence on the Issue Date and shall be a Daily Interest Rate Period or a Weekly Interest Rate Period, as shall be determined by the Mayor and the Interim City Manager, or either of them acting alone, pursuant to Section 36 hereof. As of the Issue Date, the initial Daily Interest Rate or Weekly Interest Rate (as applicable) borne by the Series 2009 Bonds shall be determined in the manner provided in this Section 5 by the Remarketing Agent.

(d) (i) Determination of Daily Interest Rate. During each Daily Interest Rate Period, the Series 2009 Bonds shall bear interest at the same Daily Interest Rate, which shall be determined by the Remarketing Agent on each Business Day for such Business Day. The Daily Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable in the judgment of the Remarketing Agent to the Series 2009 Bonds and known by the Remarketing Agent to have been priced or traded under then prevailing marketing conditions) to be the minimum interest rate which, if borne by the Series 2009 Bonds, would enable the Remarketing Agent to sell the Series 2009 Bonds on such Business Day at a price (without regarding accrued interest) equal to the principal amount thereof. The Daily

Interest Rate for any day which is not a Business Day shall be the same as the Daily Interest Rate for the immediately preceding Business Day. In the event that the Remarketing Agent fails to establish a Daily Interest Rate for any Business Day, then the Daily Interest Rate for such Business Day shall be the same as the Daily Interest Rate for the immediately preceding Business Day if the Daily Interest Rate for such preceding Business Day was determined by the Remarketing Agent, and such rate shall continue until the earlier of (A) the date on which the Remarketing Agent determines a new Daily Interest Rate or (B) the seventh day succeeding the first such day on which such Daily Interest Rate is not determined by the Remarketing Agent. In the event that the Daily Interest Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, or the Remarketing Agent fails to determine a new Daily Interest Rate for a period of seven days as described in clause (B) of the immediately preceding sentence, then the interest rate for such week shall be equal to the SIFMA Municipal Swap Index (or if such SIFMA Municipal Swap Index does not exist, any reasonably equivalent nationally recognized index) determined by the Remarketing Agent on the day the Daily Interest Rate would otherwise be determined as provided herein for such Daily Interest Rate Period, until such Daily Interest Rate is again validly determined by such Remarketing Agent. The Remarketing Agent shall furnish prompt (but no later than 9:30 a.m. on the effective date of such rate) notice to the City, the Paying Agent, the Tender Agent, the Liquidity Facility Provider, if any, the Credit Facility Provider, if any, and the Registrar of the Daily Interest Rate so determined by telex, telephone or telecopy, promptly confirmed in writing or make such Daily Interest Rate available to such parties by readily accessible electronic means.

(ii) Adjustment to Daily Interest Rate. At any time the Series 2009 Bonds are not bearing interest at a Daily Interest Rate, the City, by written direction to the Paying Agent, the Registrar, the Tender Agent, the Liquidity Facility Provider, if any, the Credit Provider, if any, and the Remarketing Agent, may elect, subject to Sections 5(j) and 5(k), that the Series 2009 Bonds shall bear interest at a Daily Interest Rate. Such direction of the City shall specify (1) the effective date of such adjustment to a Daily Interest Rate, which shall be (A) a Business Day not earlier than the 12th day (15th day if the then-current Interest Rate Period shall be a Long-Term Interest Rate Period) following the fifth Business Day after receipt by the Registrar of such direction, (B) in the case of an adjustment from a Long-Term Interest Rate Period, the day immediately following the last day of the then-current Long-Term Interest Rate Period or a day on which the Series 2009 Bonds would otherwise be subject to optional redemption pursuant to Section 8(b)(iii) if such adjustment did not occur; provided that, if prior to the City's making such election any Series 2009 Bonds shall have been called for redemption and redemption shall not theretofore have been effected, the effective date of such Daily Interest Rate Period shall not precede such redemption date, and (C) in the case of an adjustment from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period; (2) the Purchase Date for such Series 2009 Bonds; and (3) such other information as may be required in connection with such conversion. In addition, the direction of the City shall be accompanied by a Favorable Opinion of Bond Counsel. In the event of an adjustment to the Daily Interest Rate, during each Daily Interest Rate Period commencing on a date so specified and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period, the interest rate borne by the Series 2009 Bonds shall be a Daily Interest Rate.

(iii) Notice of Adjustment to Daily Interest Rate. The Registrar shall give notice by first-class mail of an adjustment to a Daily Interest Rate Period to the Holders of the Series 2009 Bonds not less than 12 days (15 days if the then-current Interest Rate Period shall be a

Long-Term Interest Rate Period) prior to the effective date of such Daily Interest Rate Period. Such notice shall state (1) that the interest rate on the Series 2009 Bonds will be adjusted to a Daily Interest Rate unless Bond Counsel fails to deliver a Favorable Opinion of Bond Counsel on the effective date of such adjustment, (2) the effective date of such Daily Interest Rate Period, and (3) that the Series 2009 Bonds are subject to mandatory tender for purchase on such effective date and shall set forth the applicable Purchase Price.

(e) (i) Determination of Weekly Interest Rate. During each Weekly Interest Rate Period, the Series 2009 Bonds shall bear interest at the same Weekly Interest Rate, which shall be determined by the Remarketing Agent on Wednesday of each week during such Weekly Interest Rate Period, or if such Wednesday shall not be a Business Day, then on the next preceding Business Day. The first Weekly Interest Rate determined for each Weekly Interest Rate Period shall be determined on or prior to the first day of such Weekly Interest Rate Period and shall apply to the period commencing on the first day of such Weekly Interest Rate Period and ending on the next succeeding Wednesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on Thursday and ending on the next succeeding Wednesday, unless such Weekly Interest Rate Period shall end on a day other than Wednesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on Thursday preceding the last day of such Weekly Interest Rate Period and ending on the last day of such Weekly Interest Rate Period. The Weekly Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable in the judgment of the Remarketing Agent to the Series 2009 Bonds and known by the Remarketing Agent to have been priced or traded under then prevailing marketing conditions) to be the minimum interest rate which, if borne by the Series 2009 Bonds, would enable the Remarketing Agent to sell the Series 2009 Bonds on such date of determination at a price (without regarding accrued interest) equal to the principal amount thereof. In the event that the Remarketing Agent fails to establish a Weekly Interest Rate for any week, then the Weekly Interest Rate for such week shall be the same as the Weekly Interest Rate for the immediately preceding week if the Weekly Interest Rate for such preceding week was determined by the Remarketing Agent. In the event that the Weekly Interest Rate for the immediately preceding week was not determined by the Remarketing Agent or in the event that the Weekly Interest Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, then the interest rate for such week shall be equal to the SIFMA Municipal Swap Index (or if such SIFMA Municipal Swap Index does not exist, any reasonably equivalent nationally recognized index) determined by the Remarketing Agent on the day the Weekly Interest Rate would otherwise be determined as provided herein for such Weekly Interest Rate Period, until such Weekly Interest Rate is again validly determined by such Remarketing Agent. The Remarketing Agent shall furnish prompt (but no later than 12:00 noon on the day preceding the effective date of such rate) notice to the City, the Paying Agent, the Tender Agent, the Liquidity Facility Provider, if any, the Credit Facility Provider, if any, and the Registrar of the Weekly Interest Rate so determined by telex, telephone or telecopy, promptly confirmed in writing or make such Weekly Interest Rate available to such parties by readily accessible electronic means.

(ii) Adjustment to Weekly Interest Rate. At any time the Series 2009 Bonds are not bearing interest at a Weekly Interest Rate, the City, by written direction to the Paying Agent, the Registrar, the Tender Agent, the Liquidity Facility Provider, if any, the Credit Provider, if any, and the Remarketing Agent, may elect, subject to Sections 5(j) and 5(k), that the Series 2009

Bonds shall bear interest at a Weekly Interest Rate. Such direction of the City shall specify (1) the effective date of such adjustment to a Weekly Interest Rate, which shall be (A) a Business Day not earlier than the 12th day (15th day if the then-current Interest Rate Period shall be a Long-Term Interest Rate Period) following the fifth Business Day after receipt by the Registrar of such direction, (B) in the case of an adjustment from a Long-Term Interest Rate Period, the day immediately following the last day of the then-current Long-Term Interest Rate Period or a day on which the Series 2009 Bonds would otherwise be subject to optional redemption pursuant to Section 8(b)(iii) if such adjustment did not occur; provided that, if prior to the City's making such election any Series 2009 Bonds shall have been called for redemption and redemption shall not theretofore have been effected, the effective date of such Weekly Interest Rate Period shall not precede such redemption date, and (C) in the case of an adjustment from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period; (2) the Purchase Date for such Series 2009 Bonds; and (3) such other information as may be required in connection with such conversion. In addition, the direction of the City shall be accompanied by a Favorable Opinion of Bond Counsel. In the event of an adjustment to the Weekly Interest Rate, during each Weekly Interest Rate Period commencing on a date so specified and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period, the interest rate borne by the Series 2009 Bonds shall be a Weekly Interest Rate.

(iii) Notice of Adjustment to Weekly Interest Rate. The Registrar shall give notice by first-class mail of an adjustment to a Weekly Interest Rate Period to the Holders of the Series 2009 Bonds not less than 12 days (15 days if the then-current Interest Rate Period shall be a Long-Term Interest Rate Period) prior to the effective date of such Weekly Interest Rate Period. Such notice shall state (1) that the interest rate on the Series 2009 Bonds will be adjusted to a Weekly Interest Rate unless Bond Counsel fails to deliver a Favorable Opinion of Bond Counsel on the effective date of such adjustment, (2) the effective date of such Weekly Interest Rate Period, and (3) that the Series 2009 Bonds are subject to mandatory tender for purchase on such effective date and shall set forth the applicable Purchase Price.

(f) (i) Determination of Long-Term Interest Rate. During each Long-Term Interest Rate Period, the Series 2009 Bonds shall bear interest at the Long-Term Interest Rate. The duration of a Long-Term Interest Rate Period will be determined by the City, which duration will be at least 181 days. The Long-Term Interest Rate for the Series 2009 Bonds shall be determined by the Remarketing Agent on a Business Day no earlier than two weeks before the effective date of such Long-Term Interest Rate Period and no later than the effective date of such Long-Term Interest Rate Period. The Long-Term Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable in the judgment of the Remarketing Agent to the Series 2009 Bonds and known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the minimum interest rate which, if borne by the Series 2009 Bonds, would enable the Remarketing Agent to sell the Series 2009 Bonds on such date of determination at a price (without regarding accrued interest) equal to the principal amount thereof. If, for any reason, the Long-Term Interest Rate is not so determined for any Long-Term Interest Rate Period by the Remarketing Agent on or prior to the first day of such Long-Term Interest Rate Period, then the Series 2009 Bonds shall bear interest at the Weekly Interest Rate as provided in Section 5(e) hereof, and shall continue to bear interest at a Weekly Interest Rate determined in accordance with Section 5(e) until such time as the interest rate on the Series 2009 Bonds shall have been adjusted to a Daily Interest Rate, Bond Interest Term Rates or a Long-Term Interest Rate as provided herein, and the Series 2009 Bonds

shall be subject to purchase upon notice from the Holders thereof as described in Section 6(a) hereof.

(ii) Adjustment to or Continuation of Long-Term Interest Rate.

(A) At any time, the City, by written direction to the Paying Agent, the Registrar, the Tender Agent, the Liquidity Facility Provider, if any, the Credit Provider, if any, and the Remarketing Agent, may elect, subject to Sections 5(j) and 5(k) and the written consent of the Credit Provider, if any, if so required under the Credit Facility Provider Agreement, that the Series 2009 Bonds shall bear, or continue to bear, interest at a Long-Term Interest Rate. Such direction of the City (1) shall specify the duration of the Long-Term Interest Rate Period during which the Series 2009 Bonds shall bear interest at a Long-Term Interest Rate; (2) shall specify the effective date of such Long-Term Interest Rate Period, which date shall be (aa) in the case of an adjustment from a Daily Interest Rate Period or a Weekly Interest Rate Period, a Business Day not earlier than the 30th day following the fifth Business Day after receipt by the Registrar of such direction, (bb) in the case of an adjustment from a Long-Term Interest Rate Period to another Long-Term Interest Rate Period, the day immediately following the last day of the then-current Long-Term Interest Rate Period or a day on which the Series 2009 Bonds would otherwise be subject to optional redemption pursuant to Section 8(b)(iii) if such adjustment did not occur; provided that, if prior to the City's making such election any Series 2009 Bonds should have been called for redemption and such redemption shall not have theretofore been affected, the effective date of such Long-Term Interest Rate Period shall not precede such redemption date; and (cc) in the case of an adjustment from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period; (3) shall specify the last day of such Long-Term Interest Rate Period (which last day shall be either the day immediately prior to the maturity date of the Series 2009 Bonds, or a day which both immediately precedes a Business Day and is at least 181 days after the effective date thereof); (4) shall specify a date on or prior to which Holders are required to deliver such Series 2009 Bonds to be purchased (if other than such effective date); (5) shall specify such other information as may be required in connection with such conversion; and (6) with respect to any such Long-Term Interest Rate Period, may specify redemption prices greater, and after periods longer, than those set forth in Section 8(b)(iii), if Bond Counsel delivers a Favorable Opinion of Bond Counsel with respect to the same as provided in Section 5(f)(ii)(B).

(B) Such direction of the City shall be accompanied by a Favorable Opinion of Bond Counsel with respect to the proposed adjustment or continuation.

(C) If, by the second Business Day preceding the 29th day prior to the last day of any Long-Term Interest Rate Period, the Registrar shall not have received notice of the City's election that, during the next succeeding Interest Rate Period, the Series 2009 Bonds shall bear interest at a Daily Interest Rate, a Weekly Interest Rate or a Long-Term Interest Rate, or at Bond Interest Term Rates, the next succeeding Interest Rate Period shall be a Weekly Interest Rate Period until such time as the interest rate on the Series 2009 Bonds shall be adjusted to a Long-Term Interest Rate or Bond Interest Term Rates as provided in this Section 5 and the Series 2009 Bonds shall be subject to mandatory purchase as provided in Section 6(c) on the first day of such Weekly Interest Rate Period.

(D) In the event that the City shall deliver to the Registrar, the Remarketing Agent, the Tender Agent, the Credit Provider, if any, and the Paying Agent on or prior

to the date that the interest rate for any Long-Term Interest Rate Period is determined a written notice to the effect that the City elects to rescind its election to have the Series 2009 Bonds bear interest at a Long-Term Interest Rate, then the interest rate on the Series 2009 Bonds shall not be adjusted to a Long-Term Interest Rate, and the Series 2009 Bonds shall bear interest at a Daily Interest Rate, a Weekly Interest Rate or Bond Interest Term Rates as in effect prior to such event, or if the Series 2009 Bonds were to be adjusted from a Long-Term Interest Rate, then the Series 2009 Bonds shall bear interest at a Weekly Interest Rate for the period commencing on the date which would have been the effective date of such Long-Term Interest Rate Period, and the Series 2009 Bonds shall continue to be subject to mandatory purchase as provided in Section 6(c) on the day which would have been the effective date of such Long-Term Interest Rate Period. In the event that the City shall rescind its election to convert the interest rate on the Series 2009 Bonds to a Long-Term Interest Rate as described in this paragraph, then the Registrar, promptly upon receiving notification thereof, shall mail notice (prepared by the Paying Agent and provided to the Registrar) to the Holders of the Series 2009 Bonds that the Series 2009 Bonds shall not be adjusted to a Long-Term Interest Rate but shall bear interest at a Daily Interest Rate, a Weekly Interest Rate or Bond Interest Term Rates as in effect prior to such event, or if the Series 2009 Bonds are being adjusted from a Long-Term Interest Rate, then the Series 2009 Bonds shall bear interest at a Weekly Interest Rate on such date and shall be subject to mandatory tender as provided herein and in Section 6(c).

(iii) Notice of Adjustment to or Continuation of Long-Term Interest Rate. The Registrar shall give notice by first-class mail of an adjustment to a (or the establishment of another) Long-Term Interest Rate Period to the Holders of the Series 2009 Bonds not less than 30 days prior to the effective date of such Long-Term Interest Rate Period. Such notice shall state: (1) that the interest rate on the Series 2009 Bonds shall be adjusted to, or continue to be, a Long-Term Interest Rate unless Bond Counsel fails to deliver a Favorable Opinion of Bond Counsel on the effective date of such adjustment or the City shall elect, on or prior to the date of determination of such Long-Term Interest Rate, to rescind its election to cause the adjustment of the interest rate on the Series 2009 Bonds to a Long-Term Interest Rate, in which case the Series 2009 Bonds, if being adjusted from a Daily Interest Rate Period, a Weekly Interest Rate Period or a Short-Term Interest Rate Period shall continue to bear interest at a Daily Interest Rate, a Weekly Interest Rate or Bond Interest Term Rates as in effect immediately prior to such proposed adjustment in the Interest Rate Period, or if the Series 2009 Bonds are being adjusted from a Long-Term Interest Rate Period, the Series 2009 Bonds shall be adjusted to bear interest at a Weekly Interest Rate, (2) the effective date and the last day of such Long-Term Interest Rate Period and (3) that the Series 2009 Bonds are subject to mandatory tender for purchase on such effective date and the Purchase Price applicable thereto.

(iv) Adjustment from Long-Term Interest Rate Period. In addition to an adjustment from a Long-Term Interest Rate Period on the day immediately following the last day of the Long-Term Interest Rate Period as provided in Section 5(f)(ii)(A) hereof, at any time during a Long Term Interest Rate Period (subject to the provisions set forth in this paragraph (iv)), the City may elect, subject to Sections 5(j) and 5(k), that the Series 2009 Bonds no longer shall bear interest at a Long-Term Interest Rate and shall instead bear interest at a Daily Interest Rate, a Weekly Interest Rate, Bond Interest Term Rates or a new Long-Term Interest Rate, as specified in such election. In the notice of such election, the City shall also specify the effective date of the new Interest Rate Period, which date shall be (1) a Business Day no earlier than the 15th day after the fifth Business Day following the date of receipt by the Registrar of the notice of election from the City or, in the case of adjustment to a new Long-Term Interest Rate Period, the 30th day following

the date of receipt by the Registrar of such notice, and (2) a day on which the Series 2009 Bonds shall be subject to optional redemption in accordance with Section 8(b)(iii). The Series 2009 Bonds shall be subject to mandatory tender for purchase on the effective date of the new Interest Rate Period thereof in accordance with Section 6(c), at a Purchase Price equal to the optional redemption price set forth in Section 8(b)(iii) which would be applicable on that date.

(g) (i) Determination of Bond Interest Terms and Bond Interest Term Rates.

(A) During each Short-Term Interest Rate Period, each Series 2009 Bond shall bear interest during each Bond Interest Term for such Series 2009 Bonds at the Bond Interest Term Rate for such Series 2009 Bonds. The Bond Interest Term and the Bond Interest Term Rate for each Series 2009 Bond need not be the same for any two Series 2009 Bonds, even if determined on the same date. Each of such Bond Interest Terms and Bond Interest Term Rates for each Series 2009 Bond shall be determined by the Remarketing Agent no later than the first day of each Bond Interest Term. Each Bond Interest Term shall be for a period of days within the range or ranges announced as possible Bond Interest Terms no later than 9:00 a.m., New York City time, on the first day of each Bond Interest Term by the Remarketing Agent. Each Bond Interest Term for each Series 2009 Bond shall be a period of not more than 180 days, determined by the Remarketing Agent to be the period which, together with all other Bond Interest Terms for all Series 2009 Bonds then outstanding, will result in the lowest overall interest expense on the Series 2009 Bonds over the next succeeding 180 days. Any Series 2009 Bonds purchased on behalf of the City and remaining unsold by the Remarketing Agent as of the close of business on the first day of the Bond Interest Term for that Series 2009 Bond shall have a Bond Interest Term of one day or, if that Bond Interest Term would not end on a day immediately preceding a Business Day, a Bond Interest Term ending on the day immediately preceding the next Business Day. Each Bond Interest Term shall end on either a day which immediately precedes a Business Day or on the day immediately preceding the maturity date of the Series 2009 Bonds. If for any reason a Bond Interest Term for any Series 2009 Bonds cannot be so determined by the Remarketing Agent, or if the determination of such Bond Interest Term is held by a court of law to be invalid or unenforceable, then such Bond Interest Term shall be 30 days, but if the last day so determined shall not be a day immediately preceding a Business Day, shall end on the first day immediately preceding the Business Day next succeeding such last day, or if such last day would be after the day immediately preceding the maturity date of the Series 2009 Bonds, shall end on the day immediately preceding the Maturity Date. In determining the number of days in each Bond Interest Term, the Remarketing Agent shall take into account the following factors: (I) existing short-term tax-exempt market rates and indices of such short-term rates, (II) the existing market supply and demand for short-term tax-exempt securities, (III) existing yield curves for short-term and long-term tax exempt securities for obligations of credit quality comparable to the Series 2009 Bonds, (IV) general economic conditions, (V) economic and financial conditions that may affect or be relevant to the Series 2009 Bonds, (VI) the Bond Interest Terms of other Series 2009 Bonds and (VII) such other facts, circumstances and conditions pertaining to financial markets as the Remarketing Agent, in its sole discretion, shall determine to be relevant.

(B) The Bond Interest Term Rate for each Bond Interest Term for each Series 2009 Bond shall be the rate of interest per annum determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable in the judgment of the Remarketing Agent to the Series 2009 Bonds and known by the Remarketing Agent to have been

priced or traded under then-prevailing market conditions) to be the minimum interest rate which, if borne by such Series 2009 Bonds, would enable the Remarketing Agent to sell such Series 2009 Bonds on the date and at the time of such determination at a price (without regarding accrued interest) equal to the principal amount thereof. If for any reason a Bond Interest Term Rate for any Series 2009 Bonds is not so established by the Remarketing Agent for any Bond Interest Term, or such Bond Interest Term Rate is determined by a court of law to be invalid or unenforceable, then the Bond Interest Term Rate for such Bond Interest Term shall be the rate per annum equal to the SIFMA Municipal Swap Index (or if such SIFMA Municipal Swap Index does not exist, any reasonably equivalent nationally recognized index) determined by the Remarketing Agent on the first day of such Bond Interest Term and which maturity most nearly equals the Bond Interest Term for which a Bond Interest Term Rate is being calculated.

(ii) Adjustment to Bond Interest Term Rates. At any time, the City, by written direction to the Paying Agent, the Liquidity Facility Provider, if any, the Credit Provider, if any, the Registrar, the Tender Agent and the Remarketing Agent, may elect, subject to Sections 5(j) and 5(k) and the written consent of the Liquidity Facility Provider, if any, if so required under the Liquidity Facility, or the Credit Provider, if any, if so required under the Credit Facility Provider Agreement, that all (but not less than all) of the Series 2009 Bonds shall bear interest at Bond Interest Term Rates. Such direction of the City shall specify (1) the effective date of the Short-Term Interest Rate Period (during which the Series 2009 Bonds shall bear interest at Bond Interest Term Rates), which shall be (A) a Business Day not earlier than the 12th day (15th day if the then-current Interest Rate Period shall be a Long-Term Interest Rate Period) following the fifth Business Day after receipt by the Registrar of such direction, (B) in the case of an adjustment from a Long-Term Interest Rate Period, the day immediately following the last day of the then-current Long-Term Interest Rate Period or a day on which the Series 2009 Bonds would otherwise be subject to optional redemption pursuant to Section 8(b)(iii) if such adjustment did not occur; provided that, if prior to the City's making such election any Series 2009 Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Short-Term Interest Rate Period shall not precede such redemption date, and (C) in the case of an adjustment from a Daily Interest Rate or a Weekly Interest Rate Period, the day immediately following the last day of such Daily Interest Rate Period or Weekly Interest Rate Period, respectively; (2) the Purchase Date of such Series 2009 Bonds; and (3) such other information as may be required in connection with such conversion. In addition, the direction of the City shall be accompanied by a Favorable Opinion of Bond Counsel. During each Short-Term Interest Rate Period commencing on the date so specified and ending, with respect to each Series 2009 Bonds, on the day immediately preceding the effective date of the next succeeding Interest Rate Period with respect to such Series 2009 Bonds, each Series 2009 Bond shall bear interest at a Bond Interest Term Rate during each Bond Interest Term for such Series 2009 Bonds.

(iii) Notice of Adjustment to Bond Interest Term Rates. The Registrar shall give notice by first-class mail of an adjustment to a Short-Term Interest Rate Period to the Holders of the Series 2009 Bonds not less than 12 days (15 days if the then-current Interest Rate Period shall be a Long-Term Interest Rate Period) prior to the effective date of such Short-Term Interest Rate Period. Such notice shall state (1) that the Series 2009 Bonds shall bear interest at Bond Interest Term Rates unless Bond Counsel fails to deliver a Favorable Opinion of Bond Counsel on the effective date of such adjustment in the Interest Rate Period, in which case the Series 2009 Bonds, if being adjusted from a Weekly Interest Rate Period, shall continue to bear interest at a Weekly Interest Rate as in effect immediately prior to such proposed adjustment in the

Interest Rate Period, or if the Series 2009 Bonds are being adjusted from a Daily Interest Rate Period or a Long-Term Interest Rate Period, the Series 2009 Bonds shall be adjusted to bear interest at a Weekly Interest Rate, and that during such Short-Term Interest Rate Period, each Series 2009 Bond will have one or more consecutive Bond Interest Terms during each of which such Series 2009 Bonds will bear interest at a Bond Interest Term Rate, (2) the effective date of such Short-Term Interest Rate Period, (3) that the Series 2009 Bonds are subject to mandatory tender for purchase on the effective date of such Short-Term Interest Rate Period and shall set forth the applicable Purchase Price and (4) that a Bond Interest Term and a Bond Interest Term Rate for each Series 2009 Bond will be determined not later than the first day of such Bond Interest Term.

(iv) Adjustment from Short-Term Interest Rate Period. At any time during a Short-Term Interest Rate Period, the City may elect, pursuant to Section 5(d)(ii), 5(e)(ii) or 5(f)(ii), but subject to Sections 5(j) and 5(k), that the Series 2009 Bonds no longer shall bear interest at Bond Interest Term Rates and shall instead bear interest at a Daily Interest Rate, a Weekly Interest Rate or a Long-Term Interest Rate, as specified in such election.

The date on which all Bond Interest Terms determined shall end shall be the last day of the then-current Short-Term Interest Rate Period and the day next succeeding such date shall be the effective date of the Daily Interest Rate Period, the Weekly Interest Rate Period or the Long-Term Interest Rate Period elected by the City.

(h) The determination of any Daily Interest Rate, any Weekly Interest Rate and any Long-Term Interest Rate and each Bond Interest Term and Bond Interest Term Rate by the Remarketing Agent shall be conclusive and binding upon the Paying Agent, the Registrar, the Tender Agent, the City, the Liquidity Facility Provider, if any, the Credit Provider, if any, and the Holders of the Series 2009 Bonds.

(i) Except as otherwise provided in Section 5(m) hereof, in the case of the Series 2009 Bonds which are not in Book-Entry Form, interest on the Series 2009 Bonds shall be payable on each Interest Payment Date by the Paying Agent during any Daily Interest Rate Period, Weekly Interest Rate Period or Long-Term Interest Rate Period, by check mailed on the date on which interest is due to the Holders of the Series 2009 Bonds at the close of business on the Regular Record Date in respect of such Interest Payment Date at the registered addresses of Holders as they shall appear on the Books of Registry. In the case of the Series 2009 Bonds which are not in Book-Entry Form (i) Series 2009 Bonds bearing interest at a Bond Interest Term Rate, or (ii) any Holder of Series 2009 Bonds bearing interest at other than a Bond Interest Term Rate in an aggregate principal amount in excess of \$1,000,000 as shown on the Books of Registry kept by the Registrar who, prior to the Regular Record Date next preceding any Interest Payment Date, shall have provided, or caused to be provided, the Registrar with wire transfer instructions to an account within the continental United States, interest payable on such Series 2009 Bonds shall be paid in accordance with such wire transfer instructions provided by the Holder of such Series 2009 Bonds (or by the Remarketing Agent on behalf of such Holder); provided, however, that during any Short-Term Interest Rate Period, interest on any Series 2009 Bonds shall be payable only upon presentation and surrender of such Series 2009 Bonds at the designated office of the Tender Agent.

(j) In the event that the City shall elect to convert the interest rate on the Series 2009 Bonds to a Daily Interest Rate, a Weekly Interest Rate, Bond Interest Term Rates or a Long-Term Interest Rate as provided in Sections 5(d)(ii), 5(e)(ii), 5(f)(ii) or 5(g)(ii), then the written

direction furnished by the City to the Paying Agent, the Liquidity Facility Provider, if any, the Credit Provider, if any, the Bond Registrar, the Tender Agent and the Remarketing Agent as required by such sections shall be made by registered or certified mail, or by telex or telecopy, confirmed by registered or certified mail. Any such direction of the City shall specify whether the Series 2009 Bonds are to bear interest at the Daily Interest Rate, the Weekly Interest Rate, Bond Interest Term Rates or the Long-Term Interest Rate.

(k) Notwithstanding anything to the contrary in this Section 5, in connection with any adjustment of the Interest Rate Period on the Series 2009 Bonds, the City shall cause to be provided to the City, the Paying Agent, the Tender Agent, the Liquidity Facility Provider, if any, the Credit Provider, if any, and the Remarketing Agent a Favorable Opinion of Bond Counsel on the effective date of such adjustment. In the event the City fails to deliver a Favorable Opinion of Bond Counsel on any such date, then the Interest Rate Period on the Series 2009 Bonds shall not be adjusted, and the Series 2009 Bonds shall continue to bear interest at a Weekly Interest Rate or Bond Interest Term Rates (at the same Bond Interest Term), as the case may be, as in effect immediately prior to such proposed adjustment in the Interest Rate Period; provided, however, that in the event that the Series 2009 Bonds are being adjusted from a Long-Term Interest Rate Period, and Bond Counsel fails to deliver such Favorable Opinion of Bond Counsel on the effective date of such adjustment, then the Series 2009 Bonds nevertheless shall be adjusted to bear interest at a Weekly Interest Rate as provided in Section 5(e). In any event, if notice of any adjustment has been mailed to the Holders of the Series 2009 Bonds as provided in this Section 5 and Bond Counsel fails to deliver a Favorable Opinion of Bond Counsel on the effective date as herein described, the Series 2009 Bonds shall continue to be subject to mandatory purchase on the date which would have been the effective date of such adjustment as provided in Section 6.

(l) If a Credit Facility or Liquidity Facility is in effect, notwithstanding anything in this Section 5 to the contrary, in connection with the adjustment of any Interest Rate Period which would require the mandatory tender for purchase of Bonds at a Purchase Price greater than the principal amount thereof (plus accrued interest, as applicable) as provided in Section 6(c), the City, as a condition to exercising its option to cause an adjustment in the Interest Rate Period applicable to the Series 2009 Bonds, shall deliver to the Paying Agent prior to the Registrar mailing notice of such adjustment in the Interest Rate Period, Available Moneys for the purpose of paying such premium, unless the Credit Facility then in effect with respect to the Series 2009 Bonds provides for the payment of such premium.

(m) Notwithstanding anything in this Seventh Supplemental Ordinance or the Remarketing Agreement to the contrary, (1) Bank Bonds shall bear interest at the Bank Bond Rate and such interest shall accrue and be payable by such means on any Interest Payment Date for Bank Bonds and (2) at the written direction of the City to the Paying Agent, interest shall accrue on Bank Bonds at such times and in such alternative manner (in lieu of that provided in clause (1)) as shall be mutually agreeable to the City, the Remarketing Agent, the Credit Provider (if any) and the Liquidity Facility Provider (if any), provided that the City shall have first provided to the Paying Agent, such Remarketing Agent, the Credit Provider (if any) and the Liquidity Facility Provider (if any) a Favorable Opinion of Bond Counsel with respect thereto.

Section 6. Purchase of Series 2009 Bonds.

(a) Optional Tender for Purchase of Series 2009 Bonds.

(i) During any Daily Interest Rate Period, any Series 2009 Bonds shall be purchased (but solely from the sources set forth in Section 32 hereof and, in the event such sources shall prove to be insufficient to make payment of the required Purchase Price, the failure to make any such purchase shall not constitute an Event of Default under the General Bond Ordinance or under this Seventh Supplemental Ordinance) in whole (or in part if both the amount to be purchased and the amount remaining unpurchased will consist of Authorized Denominations) from its Holder at the option of the Holder on any Business Day at the Purchase Price therefor, payable in immediately available funds, upon delivery to the Tender Agent at its Principal Office by 11:00 a.m. on such Business Day of an irrevocable written notice which states the principal amount of such Series 2009 Bonds to be purchased; provided, however, that (1) the Remarketing Agent may accept delivery of such tendered Bonds or notice of such proposed tender directly from the Holders of such Bonds, provided the Remarketing Agent delivers to the Tender Agent a notice relating to such tendered Bonds which satisfies the above requirements and (2) the Tender Agent (or the Remarketing Agent on its behalf) shall immediately provide a copy of any such notice to the Liquidity Facility Provider, if any, the Credit Provider, if any, and the Remarketing Agent (as applicable).

(ii) During any Weekly Interest Rate Period, any Series 2009 Bonds shall be purchased (but solely from the sources set forth in Section 32 hereof and, in the event such sources shall prove to be insufficient to make payment of the required Purchase Price, the failure to make any such purchase shall not constitute an Event of Default under the General Bond Ordinance or under this Seventh Supplemental Ordinance) in whole (or in part if both the amount to be purchased and the amount remaining unpurchased will consist of Authorized Denominations) from its Holder at the option of the Holder on any Business Day at the Purchase Price therefor, payable in immediately available funds, upon delivery to the Tender Agent at its Principal Office of an irrevocable written notice which states the principal amount of such Series 2009 Bonds and the date on which the same shall be purchased, which date shall be a Business Day not prior to the seventh (7th) day next succeeding the date of the delivery of such notice to the Tender Agent. Any notice delivered to the Tender Agent after 4:00 p.m., New York City time, shall be deemed to have been received on the next succeeding Business Day. The Tender Agent shall provide a copy of any such notice to the Liquidity Facility Provider, if any, the Credit Provider, if any, and the Remarketing Agent, within one Business Day after receipt of the same.

(b) Mandatory Tender for Purchase on Day Next Succeeding the Last Day of Each Bond Interest Term. On the day next succeeding the last day of each Bond Interest Term for a Series 2009 Bond, unless such day is the first day of a new Interest Rate Period (in which event such Series 2009 Bonds shall be subject to mandatory tender for purchase pursuant to Section 6(c)), the Holders of Series 2009 Bonds will be required to tender for purchase such Series 2009 Bonds and such Series 2009 Bonds shall be purchased from their Holders at the Purchase Price applicable thereto, and shall be payable in immediately available funds. The Purchase Price of any Series 2009 Bonds so purchased shall be payable only upon surrender of such Series 2009 Bonds to the Tender Agent at its Principal Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or his duly authorized attorney, with such signature guaranteed by an institution which is a participant in the Securities Transfer Agents Medallion Program (STAMP) or similar program.

(c) Mandatory Tender for Purchase on First Day of Each Interest Rate Period.

The Series 2009 Bonds shall be subject to mandatory tender for purchase on the first day of each Interest Rate Period, or on the day which would have been the first day of an Interest Rate Period had one of the events specified in Sections 5(f)(ii)(D) or 5(k) not occurred which resulted in the interest rate on the Series 2009 Bonds not being adjusted, at the Purchase Price applicable thereto, payable in immediately available funds, or, in the case of a purchase on the first day of an Interest Rate Period which shall be preceded by a Long-Term Interest Rate Period and which shall commence prior to the day originally established as the last day of such preceding Long-Term Interest Rate Period, at the Purchase Price applicable thereto (which shall equal the optional redemption price set forth in Section 8(b)(iii) which would have been applicable to the Series 2009 Bonds on such mandatory purchase date if such preceding Long-Term Interest Rate Period had continued to the day originally established as its last day, plus accrued interest, if any).

(d) Mandatory Tender for Purchase upon Termination, Expiration, Reduction, Modification or Replacement of the Credit Facility, Non-Reinstatement of Credit Facility or Event of Default under the Credit Facility Provider Agreement.

(i) If at any time the Registrar shall give notice in accordance with Section 18 that the Series 2009 Bonds which are payable from a Credit Facility shall on the date specified in such notice cease to be payable from the Credit Facility as a result of (1) (A) the termination or expiration of the term of such Credit Facility, or (B) such Credit Facility being reduced, replaced or modified with the effect that such Series 2009 Bonds are no longer payable from such Credit Facility (in each case, whether or not any Alternate Credit Facility has been obtained), or (2) the Credit Provider notifying the Paying Agent of an event of default under the Credit Facility Provider Agreement which will result in the termination of the Credit Facility, then on the fifth day (or, if such day is not a Business Day, the Business Day immediately succeeding such day) preceding any such termination (as described in clause (1)(A) above), expiration, reduction, modification or replacement of the Credit Facility or on the second Business Day preceding the termination of the Credit Facility following the Credit Provider's notification of the Paying Agent of an event of default under the Credit Facility Provider Agreement (as described in clause (2) above), each Series 2009 Bond shall be purchased or deemed purchased as herein provided at the Purchase Price applicable thereto.

(ii) To the extent that (A) a Drawing (as defined in the Credit Facility) for the payment of the regularly scheduled interest on the Series 2009 Bonds has occurred under the Credit Facility, (B) the Credit Provider has not been reimbursed for such Drawing and (C) the Paying Agent has received a notice from the Credit Provider (a "Notice of Non-Reinstatement") that the Credit Provider has not been reimbursed for such Drawing and the Credit Facility will not be reinstated pursuant to the terms of the Credit Facility, the Series 2009 Bonds shall be purchased or deemed purchased as herein provided at the Purchase Price applicable thereto, on the second Business Day following the Paying Agent's receipt of the Notice of Non-Reinstatement.

(iii) Notwithstanding anything in paragraph (i) of this Section 6(d) to the contrary, in the event that in connection with any such termination, expiration, reduction or modification of an existing Credit Facility and replacement thereof by an Alternate Credit Facility, the City shall deliver to the Paying Agent, the Tender Agent, the Remarketing Agent and the Registrar, prior to the date that notice of such termination, expiration, reduction or modification and replacement is given by the Registrar as provided in Section 18, written evidence from each Rating Agency then rating the Series 2009 Bonds to the effect that such termination, expiration, reduction or modification and replacement in and of itself will not result in the withdrawal or reduction of the rating(s) then applicable to the Series 2009 Bonds, then the Series 2009 Bonds shall not be subject to mandatory tender for purchase as provided in paragraph (i) of this Section 6(d) solely as a result of such termination, expiration, reduction or modification and replacement. The Registrar is required, however, to give notice to the Holders of the Series 2009 Bonds of the replacement of the Credit Facility with an Alternative Credit Facility prior to the date that such Alternate Credit Facility becomes effective.

(e) Mandatory Tender for Purchase upon Termination, Expiration, Reduction, Modification or Replacement of the Liquidity Facility. (i) If at any time the Paying Agent shall cause the Registrar to give notice in accordance with Section 6(e)(iii) that the Purchase Price of the Series 2009 Bonds shall on the date specified in such notice cease to be payable from the Liquidity

Facility (other than because of an Event of Immediate Termination) as a result of (I) (A) the termination or expiration of the term of such Liquidity Facility, or (B) such Liquidity Facility being cancelled, replaced, reduced or modified with the effect that such Series 2009 Bonds are no longer payable from such Liquidity Facility (in each case, whether or not any Alternate Liquidity Facility has been obtained), or (II) the Liquidity Facility Provider notifying the Paying Agent of an event of default under the Liquidity Facility which will result in the termination of the Liquidity Facility and directing the Paying Agent to effect a mandatory purchase of the Series 2009 Bonds, then on the fifth day preceding any such termination, expiration, reduction, modification, cancellation or replacement of the Liquidity Facility, each Series 2009 Bond shall be purchased or deemed purchased as herein provided at the Purchase Price applicable thereto.

(ii) [Reserved]

(iii) Notice to Holders. The Paying Agent shall cause the Registrar to give notice by mail to the Holders of the Series 2009 Bonds then payable from the Liquidity Facility (if any) (a) on or before the 20th day preceding the expiration of any Liquidity Facility in accordance with its terms, or (to the extent the Paying Agent has actual knowledge of such cancellation, termination, reduction, replacement or modification by the 20th day preceding the same) any cancellation, termination, reduction, replacement or modification of the terms of the Liquidity Facility which will cause the Purchase Price of the Series 2009 Bonds to cease to be payable from the Liquidity Facility (except upon the occurrence of an Event of Immediate Termination in which case notice will be given as described in Section 6(f)(iii)), or (b) in the case of the receipt by the Paying Agent of notice from the Liquidity Facility Provider that an event of default has occurred under the Liquidity Facility relating thereto and stating that the Purchase Price of the Series 2009 Bonds will cease to be payable from the Liquidity Facility (except upon the occurrence of an Event of Immediate Termination in which case notice will be given as described in Section 6(f)(iii) hereof), within five Business Days following receipt by the Paying Agent of such notice of an event of default under the Liquidity Facility, which notice shall, to the extent applicable, (1) describe generally the Liquidity Facility, if any, in effect prior to such cancellation, termination, expiration, reduction, modification or replacement and the Alternate Liquidity Facility, if any, in effect or to be in effect upon such cancellation, replacement, termination, expiration, reduction or modification, (2) state the date of such replacement, termination or proposed substitution of the Alternate Liquidity Facility (if any), (3) describe any reduction, termination or modification of the Liquidity Facility and the effective date thereof, (4) to the extent the Paying Agent has actual knowledge of the same, specify the rating, if any, to be applicable to such Series 2009 Bonds after such replacement, termination, expiration, reduction, modification or cancellation of the Liquidity Facility or state that no ratings have been obtained with respect to such Bonds for the period subsequent to such replacement, cancellation, termination, expiration, reduction or modification of the Liquidity Facility, and (5) state that the Series 2009 Bonds will be subject to mandatory tender for purchase pursuant to Section 6(e)(i) on the fifth day preceding such expiration, cancellation, termination, reduction or modification and contain the statements set forth in Section 6(f)(i)(C) and (D) hereof. The City will give the Paying Agent and the Registrar written notification of any cancellation, modification, reduction, termination or replacement of the Liquidity Facility as soon as practicable after receiving knowledge thereof. The City shall provide the Paying Agent and the Registrar with written notice of any information required to enable the Registrar to give the foregoing notice and shall provide the Registrar with the form of such notice.

(iv) Remarketing. On the Business Day on which the first notice is

mailed pursuant to paragraph (iii) of this Section 6(e), the Paying Agent shall notify the Tender Agent, the Liquidity Facility Provider and the Remarketing Agent by telephone, telegram, telecopy, telex or other similar communication of the aggregate principal amount of the Series 2009 Bonds to be tendered for purchase on the mandatory tender date.

The Remarketing Agent shall offer for sale at the Purchase Price and use its best efforts to find purchasers for the Series 2009 Bonds tendered pursuant to subsection (i) of this Section 6(e) and advise them whether the Liquidity Facility will be replaced. The Remarketing Agent shall, specifically for the benefit of and enforceable by the Liquidity Facility Provider, remarket Bank Bonds prior to remarketing any other Series 2009 Bonds. In the case of replacement of the Liquidity Facility, the Remarketing Agent shall inform prospective purchasers of the identity of the new Liquidity Facility Provider and the ratings (if any) to be in effect on the Series 2009 Bonds following replacement of the prior Liquidity Facility.

(f) Notice of Mandatory Tender for Purchase; Delivery of Series 2009 Bonds to be Purchased; Notice of Event of Immediate Termination. (i) In connection with any mandatory tender for purchase of Series 2009 Bonds in accordance with Section 6(c) or 6(d) or 6(e), the Registrar shall give notice to the Holders of the Series 2009 Bonds of a mandatory tender for purchase, to the extent applicable, as a part of the notice given and at the times required pursuant to this Seventh Supplemental Ordinance or, in connection with a mandatory tender for purchase pursuant to Section 6(b), within 20 days preceding the same. Such notice shall state (A) in the case of a mandatory tender for purchase pursuant to Section 6(c), the type of Interest Rate Period to commence on such mandatory purchase date; (B) in the case of a mandatory tender for purchase pursuant to Sections 6(d)(i) hereof, that the Credit Facility will expire, terminate, be reduced, be replaced or be modified (as applicable) and that the Series 2009 Bonds shall no longer be payable from the Credit Facility then in effect or that the coverage thereof with respect to the Series 2009 Bonds shall be reduced and that any rating applicable thereto may be reduced or withdrawn; (C) in the case of a mandatory tender for purchase pursuant to Sections 6(d)(ii) hereof, that the Paying Agent has received a Notice of Non-Reinstatement from the Credit Provider; (D) that the Purchase Price of any Series 2009 Bonds so subject to mandatory purchase shall be payable only upon surrender of such Series 2009 Bonds to the Tender Agent at its Principal Office for delivery of the Series 2009 Bonds, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or his duly-authorized attorney, with such signature guaranteed by an institution which is a participant in the Securities Transfer Agents Medallion Program (STAMP) or similar program; and (E) that all Series 2009 Bonds so subject to mandatory tender for purchase shall be purchased on the mandatory purchase date, and that if any Holder of a Series 2009 Bond subject to mandatory tender for purchase shall not surrender such Series 2009 Bonds to the Tender Agent for purchase on such mandatory purchase date, then each of such Series 2009 Bonds shall be deemed to be an Undelivered Bond, and that no interest shall accrue thereon on and after such mandatory purchase date and that the Holder thereof shall have no rights under this Seventh Supplemental Ordinance other than to receive payment of the Purchase Price thereof.

(ii) For payment of the Purchase Price of any Series 2009 Bonds required to be purchased pursuant to this Section 6 on the Purchase Date specified in the applicable notice, such Series 2009 Bonds must be delivered, at or prior to 11:00 a.m., or such other time as set forth in the Tender Agreement, New York City time, on the date specified in such notice, to the Tender Agent at its Principal Office, accompanied by an instrument of transfer thereof, in form

satisfactory to the Tender Agent, executed in blank by the Holder thereof or his duly authorized attorney, with such signature guaranteed by an institution which is a participant in the Securities Transfer Agents Medallion Program (STAMP) or similar program. In the event any such Series 2009 Bonds is delivered after 11:00 a.m., New York City time, or such other time as set forth in the Tender Agreement on such date, payment of the Purchase Price of such Series 2009 Bonds need not be made until the Business Day following the date of delivery of such Series 2009 Bonds, but such Series 2009 Bonds shall nonetheless be deemed to have been purchased on the date specified in such notice and no interest shall accrue thereon after such date.

(iii) The Series 2009 Bonds shall not be subject to mandatory tender as a result of the occurrence of any Event of Immediate Termination. If the Paying Agent shall receive notice of the occurrence of an Event of Immediate Termination, it shall cause the Registrar to notify the Holders that an Event of Immediate Termination has occurred within two Business Days following its receipt of such notice.

(g) Irrevocable Notice Deemed to be Tender of Series 2009 Bonds; Undelivered Bonds.

(i) The giving of notice by an Holder of Series 2009 Bonds as provided in Section 6(a) shall constitute the irrevocable tender for purchase of each such Series 2009 Bond with respect to which such notice shall have been given, regardless of whether such Series 2009 Bond is delivered to the Tender Agent for purchase on the relevant purchase date as provided in Section 6(a).

(ii) The Tender Agent may refuse to accept delivery of any Series 2009 Bonds for which a proper instrument of transfer has not been provided; such refusal, however, shall not affect the validity of the purchase of such Series 2009 Bonds as herein described. If any Holder of a Series 2009 Bond who shall have given notice of tender of purchase pursuant to Section 6(a) shall fail to deliver such Series 2009 Bonds to the Tender Agent at the place and on the applicable date and at the time specified in such notice, or if the Holder of the Series 2009 Bonds subject to mandatory tender of purchase pursuant to Section 6(b), (c), (d) or (e) shall fail to deliver such Series 2009 Bonds on the date specified herein, or shall fail to deliver such Series 2009 Bonds properly endorsed, each of such Series 2009 Bonds shall constitute an Undelivered Bond. If funds in the amount of the Purchase Price of the Undelivered Bonds (including the Undelivered Bonds referred to in Section 6(f)) are available for payment to the Holder thereof on the date and at the time specified, from and after the date and time of that required delivery, (1) each Undelivered Bond shall be deemed to be purchased and shall no longer be deemed to be Outstanding under the General Bond Ordinance and this Seventh Supplemental Ordinance; (2) interest shall no longer accrue thereon; and (3) funds in the amount of the Purchase Price of each such Undelivered Bond shall be held by the Tender Agent for the benefit of the Holder thereof (provided that the Holder shall have no right to any investment proceeds derived from such funds), to be paid on delivery (and proper endorsement) of such Undelivered Bond to the Tender Agent at its Principal Office for delivery of the Series 2009 Bonds. Any funds held by the Tender Agent as described in clause (3) of the preceding sentence shall be held uninvested and not commingled; provided that the Tender Agent is only required to hold such funds for a period of four (4) years from date of receipt.

(h) Book-Entry Tender and Delivery Procedures. Notwithstanding anything to the contrary contained in this Seventh Supplemental Ordinance, for so long as a nominee of the Depository is the sole registered owner of the Series 2009 Bonds, all tenders for purchase and

deliveries of Series 2009 Bonds tendered for purchase or subject to mandatory tender under the provisions of this Seventh Supplemental Ordinance shall be made pursuant to the Depository's procedures as in effect from time to time and neither the City, the Tender Agent, the Registrar, the Paying Agent, the Liquidity Facility Provider, if any, the Credit Provider, if any, nor the Remarketing Agent shall have any responsibility for or liability with respect to the implementation of such procedures.

(i) Bonds Purchased Under Credit Facility or Liquidity Facility.

Notwithstanding anything in this Seventh Supplemental Ordinance to the contrary:

(1) *Mandatory Redemption of Bank Bonds.* For so long as Series 2009 Bonds constitute Bank Bonds, such Bank Bonds shall be subject to mandatory redemption as provided in Section 8(d) hereof (in addition to continuing also to be subject to the mandatory sinking fund redemption requirements of Section 8(c) hereof).

(2) *Preference to Redemptions of Bank Bonds.* Without the prior written consent of the Liquidity Facility Provider, the City shall not optionally redeem any Series 2009 Bonds (other than Bank Bonds) prior to redeeming any Bank Bonds in full. The Paying Agent shall give preference in order of redemption with respect to Bank Bonds as provided in Section 9 hereof, which Section 9 more generally provides that the Paying Agent shall select any Bank Bonds for redemption (whether optional or mandatory) prior to redeeming any Series 2009 Bonds that are not Bank Bonds.

(3) *Registration of Bank Bonds.* Series 2009 Bonds purchased under any Liquidity Facility or Credit Facility shall be registered in the name of the Liquidity Facility Provider or Credit Provider, as applicable, or its nominee or designee and delivered in certificated form to the Liquidity Facility Provider or Credit Provider, as applicable, as soon as is practicable following their purchase (provided, however, that such purchased Series 2009 Bonds shall be transferred on the Book Entry System of the Depository to the Liquidity Facility Provider or Credit Provider, as applicable, or its designee until delivered in certificated form) or held by the Tender Agent as agent for the Liquidity Facility Provider or Credit Provider, as applicable, or as otherwise prescribed under the Liquidity Facility or the Credit Facility Provider Agreement, as applicable, but in any event subject to the rules and procedures of the Depository.

Section 7. Book-Entry System; Recording and Transfer of Holdership of the Series 2009 Bonds.

The Initial Bonds will be eligible securities for the purposes of the Book-Entry System of transfer maintained by the Depository, and transfers of beneficial ownership of the Initial Bonds shall be made only through the Depository and its participants in accordance with rules specified by the Depository. Such beneficial ownership must be of Authorized Denominations of Bonds of the same Subseries and maturity.

The Initial Bonds will be issued in fully-registered form, as a single bond representing the entire principal amount of the Series 2009 Bonds or one Bond for each of the Subseries and maturities of the Series 2009 Bonds, in the name of Cede & Co., as the nominee of the Depository. When any principal of, premium, if any, or interest on the Initial Bonds becomes due, the City shall transmit or cause the Paying Agent to transmit to the Depository an amount

equal to such installment of principal, premium, if any, and interest. Such payments will be made to Cede & Co. or other nominee of the Depository as long as it is owner of record on the applicable Record Date. Cede & Co. or other nominee of the Depository shall be considered to be the owner of the Initial Bonds so registered for all purposes of this Seventh Supplemental Ordinance, including, without limitation, payments as aforesaid and receipt of notices. The Depository shall remit such payments to the Beneficial Holders of the Series 2009 Bonds or their nominees in accordance with its rules and regulations.

Notices of redemption of the Initial Bonds or any portion thereof shall be sent to the Depository in accordance with the provisions of the General Bond Ordinance.

The Depository is expected to maintain records of the positions of Participants in the Initial Bonds, and the Participants and persons acting through Participants are expected to maintain records of the Beneficial Holders in the Initial Bonds. The City, the Registrar and the Paying Agent make no assurances that the Depository and its Participants will act in accordance with such rules or expectations on a timely basis, and the City, the Registrar and the Paying Agent shall have no responsibility for any such maintenance of records or transfer of payments by the Depository to its Participants, or by the Participants or persons acting through Participants to the Beneficial Holders.

The City, the Paying Agent and the Registrar may treat the Depository (or its nominee) as the sole and exclusive owner of the Series 2009 Bonds registered in its name for the purpose of payment of the principal of, interest or premium, if any, on the Series 2009 Bonds, giving any notice permitted or required to be given to Bondholders under the General Bond Ordinance or this Seventh Supplemental Ordinance, registering the transfer of the Series 2009 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and shall not be affected by any notice to the contrary. The City, the Paying Agent and the Registrar shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2009 Bonds under or through the Depository or any Participant, or any other person which is not shown on the Books of Registry of the City maintained by the Registrar as being a Bondholder, with respect to: the accuracy of any records maintained by the Depository or any Participant or the maintenance of any records; the payment by the Depository or any Participant of any amount in respect of the principal of, interest or premium, if any, on the Series 2009 Bonds or sending any transaction statements; the delivery or timeliness of delivery by the Depository or and Participant of any notice which is permitted or required to be given to Bondholders thereunder; the selection of Bondholders to receive payments upon partial redemption of the Series 2009 Bonds; or any consent given or other actions taken by the Depository as a Bondholder.

If (a) the Depository determines not to continue to act as securities depository for the Series 2009 Bonds and gives reasonable notice to the Registrar or the City; or (b) the City has advised the Depository of the City's determination that the Depository is incapable of discharging its duties, then the City shall attempt to retain another qualified securities depository to replace the Depository. Upon receipt by the City or the Registrar of the Initial Bonds together with an assignment duly executed by the Depository, the City shall execute and deliver to the successor depository, the Series 2009 Bonds of the same principal amount, interest rate, Subseries and maturity. If the City is unable to retain a qualified successor to the Depository, or the City has determined that it is in its best interest not to continue the Book-Entry System or that interests of the Beneficial Holders of the Series 2009 Bonds might be adversely affected if the Book-Entry System

is continued (the City undertakes no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify Beneficial Holders of the Series 2009 Bonds by mailing an appropriate notice to the Depository, upon receipt by the City of the Initial Bonds together with an assignment duly executed by the Depository, the City shall execute, authenticate and deliver to the Participants the Series 2009 Bonds in fully-registered form, in Authorized Denominations; provided, however, that the discontinuation of the Book Entry System of registration and transfer with respect to the Series 2009 Bonds or the replacement of the Depository or any successor depository shall be subject to the applicable rules and procedures of the Depository or such successor depository on file or otherwise approved by the Securities and Exchange Commission.

Section 8. Redemption of Series 2009 Bonds. (a) The Series 2009 Bonds shall be subject to redemption prior to their stated maturities upon the terms and conditions and at such dates and redemption prices as are set forth herein and upon the further terms and conditions as are hereinafter set forth in this Section. Series 2009 Bonds tendered for purchase on a date after a notice for redemption is distributed by the Registrar but before the redemption date shall be purchased pursuant to such tender.

(b) *Optional Redemption.*

(i) On any Interest Payment Date during a Daily Interest Rate Period or a Weekly Interest Rate Period, the Series 2009 Bonds shall be subject to optional redemption by the City, in whole or in part, at a redemption price of par, plus accrued interest to the date fixed for redemption.

(ii) On the day succeeding the last day of any Bond Interest Term with respect to any Series 2009 Bonds, such Series 2009 Bonds shall be subject to optional redemption by the City, in whole or in part, at a redemption price of par.

(iii) During any Long-Term Interest Rate Period, the Series 2009 Bonds shall be subject to optional redemption by the City, during the periods specified below or, if approved by Bond Counsel as provided in Section 5(f)(ii), during the periods specified in the notice of the City to the Registrar pursuant to Section 5(f)(ii)(A), in whole or in part at any time, at the redemption prices (expressed as a percentage of principal amount) hereinafter indicated or specified in the notice of the City to the Registrar pursuant to Section 5, plus accrued interest, if any, to the redemption date:

Length of Long-Term Interest Rate Period (expressed in years)	<u>Redemption Prices</u>
Greater than 15	after 10 years at 101%, declining after one year to 100%
less than or equal to 15 and greater than 10	after 7 years at 101%, declining after one year to 100%
less than or equal to 10 and greater than 7	after 5 years at 100%
less than or equal to 7 and greater than 4	after 3 years at 100%
less than or equal to 4	after 2 years at 100%

(iv) Notwithstanding anything to the contrary in this Seventh Supplemental Ordinance, Bank Bonds shall be subject to optional redemption by the City, in whole or in part, on any Business Day, upon one Business Day's notice of redemption to the Liquidity Facility Provider, if any, the Credit Provider, if any, and the Paying Agent, unless a longer notice period is required by the Liquidity Facility or the Credit Facility Provider Agreement (as applicable) then in effect, at a redemption price of 100% of the principal amount of the Bank Bonds to be redeemed plus accrued interest, if any, to, but not including, the redemption date.

(c) *Mandatory Sinking Fund Redemption.* As determined by the Mayor and Interim City Manager, or either of them acting alone, pursuant to Section 36 hereof, the Series 2009 Bonds shall be subject to mandatory sinking fund redemption prior to maturity in part (with any partial selection to be made in the manner provided in Section 9 hereof) on each December 1 in the years and in the principal amounts as set forth in the Bond Purchase Agreement and shall be redeemed (to the extent not previously redeemed) at 100% of the principal amount plus accrued interest to the redemption date.

The City shall receive a credit in such order as the City determines and directs the Paying Agent in writing against amounts to be paid as sinking fund installments for any Series 2009 Bonds redeemed under Section 8(b) or 8(d) hereof.

(d) *Mandatory Redemption of Bank Bonds.* The City shall redeem any Bank Bonds at the times and in the amounts set forth in the Liquidity Facility or the Credit Facility Provider Agreement. Accrued interest payable on such Bank Bonds to be redeemed shall be paid at the Bank Bond Rate and otherwise in accordance with the Liquidity Facility or the Credit Facility Provider Agreement.

Section 9. Selection of Series 2009 Bonds for Redemption. The Series 2009 Bonds shall be redeemed only in Authorized Denominations.

If less than all of the Series 2009 Bonds are to be called for redemption, the Registrar shall select for redemption, first any Bank Bonds; second, any Series 2009 Bonds registered in the name of the City; and third, the remaining Series 2009 Bonds or portions thereof

shall be redeemed by lot or in such other manner as it shall deem fair and equitable; provided, however, that the remaining Series 2009 Bonds that are not so called for redemption shall be in Authorized Denominations; and provided, further, with respect to the second and third priority above, that so long as the only Holder of the Series 2009 Bonds is a nominee of the Depository, such selection shall be made by the Depository.

Section 10. Redemption Notice. At least thirty (30) days but not more than sixty (60) days prior to the redemption date of any Series 2009 Bonds to be redeemed, whether such redemption be in whole or in part, the Registrar shall cause a notice of any such redemption to be mailed, first class, postage prepaid, to all Holders of Series 2009 Bonds (other than Bank Bonds) to be redeemed in whole or in part, provided that notice to any Depository shall be sent by registered or certified mail or by electronic means and provided further that failure to mail any such notice to any Holder or any defect in such notice shall not affect the validity of the proceedings for such redemption as to the Series 2009 Bonds of any other Holder to whom such notice has been properly given. The Registrar shall also give such notice of redemption, by certified or registered mail or by electronic means, to at least three securities depositories and at least four national information services which disseminate redemption information, but failure to mail such notice or any defect therein shall not affect the validity of any proceedings for the redemption of any Series 2009 Bonds.

Each such notice shall set forth the designation and date of the Series 2009 Bonds, the CUSIP number of the Series 2009 Bonds to be redeemed, the date fixed for redemption, the redemption price to be paid, the address and phone number of the Paying Agent and Registrar, the date of the redemption notice, and, if less than all of the Series 2009 Bonds then Outstanding shall be called for redemption, the distinctive numbers and letters, if any, of such Series 2009 Bonds to be redeemed and, in the case of Series 2009 Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. If any Series 2009 Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Series 2009 Bonds, a new Series 2009 Bonds in principal amount equal to the unredeemed portion of such Series 2009 Bonds will be issued. No further interest shall accrue on the principal of any Series 2009 Bond duly called for redemption after the date fixed for redemption if moneys sufficient for such redemption have been deposited with the Paying Agent.

Any notice of redemption, except a notice of redemption in respect of a mandatory sinking fund requirement, may state that the redemption to be effected is conditioned upon the receipt by the Paying Agent or Registrar on or prior to the redemption date of funds sufficient to pay the principal of and premium, if any, and interest on the Series 2009 Bonds to be redeemed and that if such moneys are not so received such notice shall be of no force or effect and such 2009 Bonds shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the principal of and premium, if any, and interest on such Series 2009 Bonds are not received by the Paying Agent or Registrar on or prior to the redemption date, the redemption shall not be made and the Registrar shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Section 11. Available Moneys. While a Credit Facility, if any, is in effect, the Registrar shall not mail any notice of redemption of Series 2009 Bonds to be called for redemption in accordance with the provisions of Section 8(b)(i), (ii) or (iii), unless (i) Available Moneys sufficient to pay the redemption price (including premium, if any) of and accrued interest on such

Series 2009 Bonds to the date of redemption shall be on the deposit with the Paying Agent prior to the mailing of such notice or (ii)(A) pursuant to the terms of such Credit Facility, money drawn under such Credit Facility will be available to pay such redemption price (including premium, if any) and accrued interest when due and (B)(1) the Credit Provider shall have consented to the mailing of such notice or (2) moneys sufficient to pay the redemption price (including premium, if any) of and accrued interest on such Series 2009 Bonds to the date of redemption shall be on deposit with the Paying Agent prior to the mailing of such notice.

Section 12. Payment of the Series 2009 Bonds. The Series 2009 Bonds, together with the interest thereon, shall be payable, in such coin or currency of the United States of America which at the time of such payment is legal tender for public and private debts, solely from the Net Revenues of the System in accordance with the provisions of the Ordinance including this Seventh Supplemental Ordinance. The Series 2009 Bonds shall be issued on a parity with the pledge of and lien upon Net Revenues securing the remaining Outstanding Parity Bonds, and shall be senior to the pledge and lien thereon securing the City's obligations under the Swap, the Investment Contract or any Junior Bonds or any other charges, liens or encumbrances on the Net Revenues of the System, as contemplated by Section 6.7 of the General Bond Ordinance.

The Series 2009 Bonds, and the interest thereon, shall not be a debt of the City, nor a charge, lien or encumbrance, legal or equitable, upon any property of the City or upon any income, receipts or revenues of the City other than such of the Net Revenues of the System as are hereby pledged to the payment thereof. No recourse shall be had for the payment of the Series 2009 Bonds, or the interest thereon, or any part thereof, against the general fund of the City, nor shall the credit or taxing powers of the City be deemed to be pledged to the payment of the principal of and interest on the Series 2009 Bonds. The full faith, credit and taxing powers of the State of South Carolina or of the City are not pledged to the payment of the principal of or the interest on the Series 2009 Bonds, and the Series 2009 Bonds shall never constitute an indebtedness of the City within the meaning of any State constitution provision (other than Article X, Section 14, Paragraph 10, of the South Carolina constitutional provision authorizing obligations payable solely from special sources not involving revenues from any tax or license) or statutory limitation.

Section 13. Establishment of 2009 Debt Service Fund. In accordance with Sections 6.5 and 8.1 of the General Bond Ordinance, the 2009 Debt Service Fund is hereby established on the date of the original delivery of the Series 2009 Bonds and held by the Paying Agent, as Custodian (as defined in the General Bond Ordinance) thereof, for the benefit of the Holders of the Series 2009 Bonds and the Credit Provider, if any; provided, however, that while a Credit Facility is in effect, the Paying Agent shall (a) use amounts on deposit in the 2009 Debt Service Fund, first, to reimburse the Credit Facility Provider for drawings on the Credit Facility to pay principal and redemption premium (if any) and interest on the Series 2009 Bonds pursuant to Section 15 hereof and, second, to pay principal and redemption premium (if any) and interest on the Series 2009 Bonds, and (b) maintain separate sub-accounts within the 2009 Debt Service Fund and not commingle amounts deposited by the City in the 2009 Debt Service Fund and amounts drawn by it on the Credit Facility.

Section 14. Credit Facility or Liquidity Facility for the Series 2009 Bonds. So long as the Series 2009 Bonds are subject to purchase pursuant to Section 6 hereof, the City shall maintain a Liquidity Facility or Credit Facility in support of such Series 2009 Bonds; provided, that the Liquidity Facility Provider, if any, or Credit Provider, if any, is explicitly recognized as being a

third party beneficiary of this Seventh Supplemental Ordinance and may enforce any such right, remedy or claim conferred, given or granted hereunder. Notwithstanding anything herein to the contrary, (1) in the event that the principal and/or interest due on the Series 2009 Bonds shall be paid by the Credit Provider pursuant to the Credit Facility, the Series 2009 Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City until such time as all amounts due to the Credit Provider under the Credit Facility Provider Agreement have been paid or provided for to the satisfaction thereof, (2) for purposes of discharging or defeasing all or a portion of the Bonds consistent with the General Bond Ordinance (including but not limited to Article XII thereof), the interest rate on the Bonds for any period for or in respect of which the interest rate has not been determined pursuant to Section 5 hereof shall be assumed to be no less than the Maximum Bond Interest Rate, and (3) the Letter of Credit shall be available to make drawings solely with respect to Series 2009 Bonds while they bear interest at the Daily Interest Rate or Weekly Interest Rate.

Section 15. Credit Facility for the Series 2009 Bonds.

(a) If a Credit Facility is in effect, the Paying Agent is hereby directed, on or prior to each Interest Payment Date, to make a drawing under such Credit Facility no later than the time provided in the Credit Facility for presentations of drafts in order to receive payment in immediately available funds by 2:00 p.m. New York City time on such date, equal to the interest on the Series 2009 Bonds then payable from the Credit Facility due on such Interest Payment Date (other than such interest representing a portion of the Purchase Price of any Series 2009 Bonds required to be purchased on such date and other than any interest due on Bank Bonds) and to use such drawing to pay such interest due on the Series 2009 Bonds on such Interest Payment Date; provided, however, that if payment under the Credit Facility is not made to the Paying Agent by 2:00 p.m. as provided in this sentence, the Paying Agent shall immediately request the City to make payment of such interest then due (unless amounts therefor are then on deposit in the 2009 Debt Service Fund for such purposes, in which case the Paying Agent shall promptly use such amounts on deposit in the 2009 Debt Service Fund). The proceeds of such drawing shall be deposited in the Credit Provider Account of the Debt Service Fund (established in the last sentence of this paragraph), which Credit Provider Account will be kept separate and apart from any moneys not received pursuant to a draw on a Credit Facility and held uninvested pending application to the payment of interest on such Series 2009 Bonds. In determining the amount of any such interest then due, the Paying Agent shall not take into consideration any interest due on any Series 2009 Bonds for any period when such Series 2009 Bond is a Bank Bond or for any Series 2009 Bonds owned by the City, and no drawings under the Credit Facility shall be made, or be used, to pay interest on any Series 2009 Bonds for any period when such Series 2009 Bonds is a Bank Bond or for any Series 2009 Bonds owned by the City. Upon acceptance of a Credit Facility, the Paying Agent shall establish an account within the 2009 Debt Service Fund designated as the "Credit Provider Account of the Debt Service Fund".

(b) If a Credit Facility is in effect, on or prior to each date on which a payment of principal or redemption premium (if any) on any Series 2009 Bonds then payable from the Credit Facility is due either by maturity or as a result of any mandatory or optional redemption of such Series 2009 Bonds or any acceleration of the maturity of such Series 2009 Bonds or otherwise (in each case, other than an amount representing the principal portion of the Purchase Price of any such Series 2009 Bonds required to be purchased on such date and other than any principal due on Bank Bonds), the Paying Agent is hereby directed to make a drawing under the Credit Facility no later

than the time provided in the Credit Facility for presentations of drafts in order to receive payment in immediately available funds by 2:00 p.m., New York City time on the date such principal or redemption premium (if covered by such Credit Facility) is payable, equal to the amount of such principal payment and, if covered by the Credit Facility then in effect, redemption premium, and to use such drawing to make such payment; provided, however, that if payment under the Credit Facility is not made to the Paying Agent by 2:00 p.m. as provided in this sentence, the Paying Agent shall immediately request the City to make payment of such principal (and redemption premium, if applicable) then due (unless amounts therefor are then on deposit in the 2009 Debt Service Fund for such purposes, in which case the Paying Agent shall promptly use such amounts on deposit in the 2009 Debt Service Fund). The proceeds of such drawing shall be deposited in the Credit Provider Account of the Debt Service Fund, which Credit Provider Account shall be kept separate and apart from any moneys not received pursuant to a draw on a Credit Facility and held uninvested pending application to the payment of the principal and premium (if applicable) of such Series 2009 Bonds. In determining the amount of such principal and premium (if applicable) then due, the Paying Agent shall not take into consideration any principal or redemption premium required on Bank Bonds or for any Series 2009 Bonds owned by the City, and no drawings under the Credit Facility shall be made or be used to pay any principal or redemption premium of Bank Bonds or for any Series 2009 Bonds owned by the City.

(c) If at any time there shall have been delivered to the Paying Agent an Alternate Credit Facility pursuant to Section 16 and the documents required by such Section 16, then the Paying Agent shall accept such new Credit Facility and surrender the previously held Credit Facility for cancellation in accordance with the terms of such Credit Facility, provided that no such surrender shall occur until after the Paying Agent shall have drawn under the Credit Facility and received sufficient funds to pay the Purchase Price of the Series 2009 Bonds on the date on which the Series 2009 Bonds are subject to mandatory purchase in accordance with Section 6(d) if a mandatory tender of the Series 2009 Bonds is required by Section 6(d). The Paying Agent shall comply with the procedure set forth in the Credit Facility relating to the termination thereof and is authorized to deliver certificates reducing the stated amount of the Credit Facility in accordance with the provisions thereof.

Section 16. Alternate Credit Facility for Series 2009 Bonds. (a) If at any time there shall be delivered to the Paying Agent (i) an Alternate Credit Facility covering the Series 2009 Bonds, (ii) a Favorable Opinion of Bond Counsel, (iii) either (A) written evidence from each Rating Agency then rating the Series 2009 Bonds, in each case to the effect that such Rating Agency has reviewed the proposed Alternate Credit Facility and the ratings of the Series 2009 Bonds after substitution of such Alternate Credit Facility will not be lowered or withdrawn as a result of the substitution of the Alternate Credit Facility, or (B) a statement of the City that no ratings have been obtained, (iv) an opinion of counsel satisfactory to the Paying Agent to the effect that such Alternate Credit Facility is a valid and enforceable obligation of the issuer or provider thereof and, if such Alternate Credit Facility is other than a Credit Facility issued by a domestic commercial bank, that no registration of the Series 2009 Bonds or such Alternate Credit Facility is required under the Securities Act of 1933, as amended, (v) all information required to give the notice of mandatory tender for purchase of the Series 2009 Bonds if required by Section 6(d), and (vi) written evidence that notice of such proposed Alternate Credit Facility has been sent to the Holders prior to such substitution, then the Paying Agent shall accept such Alternate Credit Facility and, after the Paying Agent shall have drawn under the Credit Facility and received sufficient funds to pay the Purchase Price of the Series 2009 Bonds on the date of the mandatory tender for purchase

established pursuant to Section 6(d) if a mandatory tender of the Series 2009 Bonds is required by Section 6(d), promptly surrender the Credit Facility then in effect to the Credit Provider which issued such Credit Facility in accordance with its terms for cancellation or deliver any document necessary to reduce the coverage of such Credit Facility.

Section 17. Rights and Duties under Credit Facility relating to Series 2009 Bonds.

If a Credit Facility is in effect, the Paying Agent, without further direction, shall draw amounts under the Credit Facility in accordance with the terms and conditions set forth herein and therein at the times, in the manner and for the purposes set forth in this Seventh Supplemental Ordinance. If the Paying Agent makes a drawing under the Credit Facility relating to the Series 2009 Bonds after the principal of the Series 2009 Bonds shall have been declared immediately due and payable following the occurrence of an Event of Default with respect to the Series 2009 Bonds, the proceeds of such drawing shall be applied by the Paying Agent as promptly as practicable to the payment of the Series 2009 Bonds entitled to be paid therefrom. So long as the Credit Facility remains in effect with respect to any Series 2009 Bonds, the Paying Agent may not waive any Event of Default with respect to the Series 2009 Bonds if a drawing has been made under the Credit Facility, all or any portion of which is subject to reinstatement as provided in the Credit Facility relating thereto, and such reinstatement has not yet occurred. The City agrees that the Paying Agent in its name or in the name of the City may enforce all rights of the Paying Agent and of the City and all obligations of the Credit Provider (including the obligation of the Credit Provider to honor drafts duly presented in accordance with the terms and conditions of the Credit Facility) under and with the terms and conditions of the Credit Facility, for the benefit of the Holders of the Series 2009 Bonds. The Paying Agent agrees to assume and perform the duties and obligations contemplated under the Credit Facility to be assumed and performed by the Paying Agent.

Section 18. Notice of Termination or Other Change in Credit Facility for the Series 2009 Bonds. The Paying Agent shall cause the Registrar to give notice by mail (the "Bondholder Notice") to the Holders of the Series 2009 Bonds then payable from the Credit Facility (if any) (a) on or before the 15th day preceding the expiration of any Credit Facility in accordance with its terms, or, to the extent the Paying Agent has actual knowledge thereof, any termination, reduction, replacement or modification of the terms of the Credit Facility which will cause the Series 2009 Bonds to cease to be payable from the Credit Facility, or (b) in the case of receipt by the Paying Agent from the Credit Provider of (i) notice that an event of default has occurred under the Credit Facility Provider Agreement relating thereto and requesting the Series 2009 Bonds be mandatorily purchased or (ii) a Notice of Non-Reinstatement, immediately following receipt by the Paying Agent thereof, which Bondholder Notice shall, to the extent applicable, (1) describe generally the Credit Facility, if any, in effect prior to such termination, expiration, reduction, replacement or modification and the Alternate Credit Facility, if any, in effect or to be in effect upon such replacement, termination, expiration, reduction or modification, (2) state the date of such replacement, termination, expiration, reduction or modification of the Alternate Credit Facility (if any), (3) describe any reduction, termination, expiration, replacement or modification of the Credit Facility and the effective date thereof, (4) specify the rating, if any, to be applicable to such Series 2009 Bonds after such replacement, termination, expiration, reduction or modification of the Credit Facility or state that no ratings have been obtained with respect to such Bonds for the period subsequent to such replacement, termination, expiration, reduction or modification of the Credit Facility, and (5) unless the Credit Facility has been replaced by an Alternate Credit Facility in respect of such Series 2009 Bonds as described in the last sentence of Section 6(d)(iii), state the date that the Series 2009 Bonds will be purchased pursuant to Section 6(d)(i) or (ii). The City will

give the Paying Agent and the Registrar written notification of any modification, reduction, termination, expiration or replacement of the Credit Facility as soon as practicable after receiving knowledge thereof. The City shall provide the Paying Agent, the Credit Provider and the Registrar with written notice of any information required to enable the Registrar to give the foregoing notice and shall provide the Registrar with the form of such notice; provided, however, that in the event the City shall fail to provide such notice, the Paying Agent shall provide such notice to the Registrar.

Section 19. Notice by Paying Agent to Reduce Credit Facility. In the event that the Series 2009 Bonds shall be redeemed in whole or in part, the Paying Agent shall give notice to the Credit Provider in the manner required by the Credit Facility to reflect such reduction in the principal amount of the Series 2009 Bonds as a result of such redemption.

Section 20. Rights of a Credit Provider.

(a) Notwithstanding anything in this Seventh Supplemental Ordinance to the contrary, for purposes of giving any consents or directions contemplated hereunder or under the Ordinance to be given by any Holder of the Series 2009 Bonds, or exercising any voting rights given to Holders hereunder or thereunder, for so long as a Credit Facility is in effect and subject to paragraph (b) hereof, the Credit Provider shall be deemed to be the sole Holder of the Series 2009 Bonds.

(b) All rights of the Credit Provider given under paragraph (a) hereof shall cease, determine and become null and void (i) for so long as the Credit Provider wrongfully dishonors any draft (or other appropriate form of demand) presented in strict conformity with the requirements of the Credit Facility or (ii) if no Credit Facility is in effect or any Credit Facility terminates in accordance with its terms.

Section 21. The Liquidity Facility.

(a) If a Liquidity Facility is in effect, such Liquidity Facility (and any Alternate Liquidity Facility) shall be an obligation of the Liquidity Facility Provider to pay, subject to the conditions set forth in the Liquidity Facility, to the Tender Agent upon request made with respect to the Series 2009 Bonds related thereto and in accordance with the terms thereof:

(i) An amount not exceeding the aggregate principal amount of such Series 2009 Bonds (other than Bank Bonds or Series 2009 Bonds owned for the account of and on behalf of the City) to pay the portion of the Purchase Price of such Series 2009 Bonds equal to the principal amount of Series 2009 Bonds delivered or required to be delivered to the Tender Agent for purchase and not successfully remarketed (if such Series 2009 Bonds are subject to remarketing); and

(ii) An amount not exceeding the interest to accrue on the Series 2009 Bonds for a period equal to 35 days, calculated at a maximum interest rate of 12% per annum (on other than Bank Bonds or Series 2009 Bonds owned for the account of and on behalf of the City), to pay the portion of the Purchase Price equal to interest on Series 2009 Bonds delivered or required

to be delivered to the Tender Agent for purchase (other than accrued interest payable on such Series 2009 Bonds which was not paid when due under the terms of this Seventh Supplemental Ordinance); provided, however, that (A) if the applicable Purchase Date is an Interest Payment Date, interest payable on such Series 2009 Bonds on such Interest Payment Date shall not be taken into account in the computation of the Purchase Price payable on such Purchase Date under the Liquidity Facility; (B) if the applicable Purchase Date is a day occurring on or after an Interest Accrual Date, interest accrued on such Series 2009 Bonds through and including the day immediately preceding such Interest Accrual Date shall not be taken into account in the computation of the Purchase Price payable on such Purchase Date under the Liquidity Facility; and (C) the initial Liquidity Facility may be modified or an Alternate Liquidity Facility may provide for a longer period of time as may be required by a Rating Agency then rating the Series 2009 Bonds.

(b) The Liquidity Facility may be terminated as therein provided.

Section 22. Alternate Liquidity Facility. So long as the Series 2009 Bonds are subject to purchase pursuant to Section 6 hereof, the City shall maintain a Liquidity Facility or Credit Facility in support of such Series 2009 Bonds.

(a) If at any time at which the City is permitted by the terms of the Liquidity Facility to terminate the Liquidity Facility and in fact determines to so terminate the Liquidity Facility, the City shall deliver prior to such termination to the Paying Agent (i) an Alternate Liquidity Facility, (ii) an opinion of Bond Counsel stating that the delivery of such Alternate Liquidity Facility is authorized under this Seventh Supplemental Ordinance and complies with the terms hereof, (iii) a Favorable Opinion of Bond Counsel addressed to the Paying Agent and the Liquidity Facility Provider as to the proposed substitution, (iv) one or more opinions of counsel addressed to the Paying Agent, to the effect that the Alternate Liquidity Facility is a legal, valid and binding obligation of the successor Liquidity Facility Provider, enforceable against the successor Liquidity Facility Provider in accordance with its terms, except as limited by customary enforceability exceptions, (v) if a short-term rating or ratings of the Series 2009 Bonds shall be in effect on the date of such substitution, written evidence from each Rating Agency then rating the Series 2009 Bonds to the effect that such Rating Agency has reviewed the proposed Alternate Liquidity Facility and that the substitution of the proposed Alternate Liquidity Facility for the then existing Liquidity Facility will not by itself, result in a reduction or withdrawal of its short-term rating on the Series 2009 Bonds, and (vi) written evidence that notice of such proposed substitution has been sent to the Holders prior to such substitution, then the Paying Agent shall, so long as such Alternate Liquidity Facility shall contain administrative procedures which are acceptable to the Paying Agent in its reasonable discretion, accept such Alternate Liquidity Facility and promptly surrender the previously held existing Liquidity Facility to the issuer thereof.

(b) If a Liquidity Facility is in effect with respect to the Series 2009 Bonds, the Tender Agent shall present all drafts, demands, and other documents and provide all notices, whether by telephone, telegram, teletype, telex or otherwise permitted hereunder, required by such Liquidity Facility (in the manner therein permitted and by the time required thereby) for the payment of funds thereunder (to the extent available and permitted thereunder and after taking into account funds from remarketing or payments by the City then held by the Tender Agent) sufficient to pay, on each Purchase Date, the Purchase Price for the Series 2009 Bonds tendered but in every case only in respect of Bonds which are not Bank Bonds or Series 2009 Bonds owned by City.

(c) Following the conversion of any Series 2009 Bond to the Bank Bond Rate, such Series 2009 Bond shall no longer be subject to tender for purchase for so long as such Series 2009 Bond is a Bank Bond.

Section 23. Amendments to Liquidity Facility. Except with the consent of all the Holders of the Series 2009 Bonds entitled to the benefits of the Liquidity Facility given as provided in the General Bond Ordinance or this Seventh Supplemental Ordinance, the Paying Agent shall not permit any amendment, supplement, modification or waiver to the Liquidity Facility (other than an Alternate Liquidity Facility) which would result in the Liquidity Facility having terms and conditions materially different from those of the initial Liquidity Facility or otherwise materially adversely affect the interests of the Holders of the Series 2009 Bonds, in the opinion of the Paying Agent; provided, however, no such amendment which makes earlier the stated expiration or termination date of the Liquidity Facility then in effect shall become effective unless the City shall deliver to the Paying Agent and to the Liquidity Facility Provider a Favorable Opinion of Bond Counsel addressed to the Paying Agent and the Liquidity Facility Provider as to such change in stated expiration or termination date. Such Favorable Opinion of Bond Counsel shall also be delivered to the Remarketing Agent, but the failure to deliver such opinion shall not affect the validity or any such amendment. Upon the amendment of the Liquidity Facility pursuant to this Section 23, the City shall furnish to each Rating Agency the notice provided in Section 42 hereof, but the failure to provide such notice shall not affect the validity of any such amendment.

Section 24. Paying Agent to Reduce and Terminate Liquidity Facility. (a) The Paying Agent shall, in accordance with the applicable provisions of the Liquidity Facility, take such action as shall be reasonably required to reduce the amounts available for demands for purchase thereunder in respect of the principal portion of the Purchase Price and the interest portion of the Purchase Price on such Series 2009 Bonds to reflect any permanent reduction, whether by defeasance, redemption or otherwise, in the amount of Series 2009 Bonds Outstanding otherwise subject to the benefit of the Liquidity Facility. The amount available to be drawn in respect of the payment of principal portion of the Purchase Price of the Series 2009 Bonds shall be reduced in an amount equal to the principal amount of such Series 2009 Bonds so defeased, redeemed, paid or deemed paid and the amount available to be drawn in respect of the payment of interest portion of the Purchase Price on such Series 2009 Bonds shall be reduced by a percentage equal to the percentage by which the amount available to be drawn in respect of the payment of principal is reduced as aforesaid.

(b) As soon as practicable after any such payment or defeasance in full, the Paying Agent shall, in accordance with the applicable provisions of the Liquidity Facility, take such action as shall be reasonably required to terminate the Liquidity Facility as a result of the payment or defeasance of all the Series 2009 Bonds.

Section 25. Remarketing Agent for the Series 2009 Bonds. The initial Remarketing Agent for the Series 2009 Bonds shall be Morgan Keegan & Company, Inc. The Remarketing Agent shall signify its acceptance of the duties and obligations imposed upon it hereunder and under the Remarketing Agreement by a written instrument of acceptance delivered to the City, the Paying Agent, the Liquidity Facility Provider, if any, the Credit Provider, if any, and the Tender Agent under which the Remarketing Agent will agree, particularly:

(1) to carry out the provisions of the Remarketing Agreement, which provisions are incorporated herein by reference,

(2) to hold all moneys delivered to it hereunder and under the Remarketing Agreement for the purchase of Series 2009 Bonds as agent and bailee of, and in escrow for the benefit of, the person or entity which shall have so delivered such moneys until such moneys are delivered to the Tender Agent, and

(3) to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the City, the Paying Agent, the Liquidity Facility Provider, if any, the Credit Provider, if any, and the Tender Agent at all reasonable times.

The terms of any sale by the Remarketing Agent of tendered Series 2009 Bonds shall provide for sale of the remarketed Series 2009 Bonds at the Purchase Price and the payment of such Purchase Price by the Remarketing Agent to the Tender Agent in immediately available funds against the delivery of the remarketed Series 2009 Bonds, to the Tender Agent in the records of the Depository at or before 11:00 a.m. Eastern time or such other time as may be set forth in the Tender Agreement on the Purchase Date.

In addition to the foregoing, Grigsby & Associates shall initially serve as a co-Remarketing Agent, subject to such duties, obligations and conditions of service as may be set forth in the Remarketing Agreement.

Section 26. Qualifications of Remarketing Agent.

(a) The Remarketing Agent shall be (i) a member of the National Association of Securities Dealers, Inc., or (ii) a commercial bank having combined capital and surplus of \$75,000,000, and authorized by law to perform all the duties imposed upon it by this Seventh Supplemental Ordinance and the Remarketing Agreement. The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Seventh Supplemental Ordinance and the Remarketing Agreement by giving at least 60 days notice to the City, the Paying Agent, the Tender Agent, the Liquidity Facility Provider, if any, and the Credit Provider, if any; provided, that such resignation will not be effective until the appointment of a successor Remarketing Agent. The Remarketing Agent may be removed at any time upon the appointment of a successor Remarketing Agent; provided, that Remarketing Agent shall be entitled to receive 30 days prior notice of its removal, or such shorter period of time upon the appointment of a successor Remarketing Agent pursuant to this Section 26.

(b) If the Remarketing Agent resigns or is removed, the Remarketing Agent shall pay over, assign and deliver any money and Series 2009 Bonds held by it in such capacity to the successor Remarketing Agent.

(c) If the Remarketing Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Remarketing Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, the City shall appoint a successor as Remarketing Agent with the approval of the Credit Provider or Liquidity Facility Provider, if any. At the direction of the City, successor Remarketing Agents shall

be appointed from time to time by the City with the approval of the Credit Provider or Liquidity Facility Provider, if any. The Paying Agent shall have the right to petition a court of competent jurisdiction to appoint a successor Remarketing Agent if the City shall fail to do so.

Section 27. The Tender Agent. U.S. Bank National Association, is hereby appointed Tender Agent for the Series 2009 Bonds. The Tender Agent shall signify its acceptance of the duties and obligations imposed upon it hereunder and under the Tender Agreement by a written instrument of acceptance delivered to the City, the Paying Agent, and the Remarketing Agent under which the Tender Agent will agree, particularly to perform its obligations under this Seventh Supplemental Ordinance and the Tender Agreement, the provisions of which are expressly incorporated herein by reference. While the Series 2009 Bonds bear interest at a Daily Interest Rate or Weekly Interest Rate, the Tender Agent, the Paying Agent and the Registrar shall be the same entity.

Section 28. Qualifications of Paying Agent and Tender Agent. (a) Each of the Paying Agent and Tender Agent shall be a bank or trust company with trust powers duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least \$25,000,000 and authorized by law to perform all the duties imposed upon it by the General Bond Ordinance, this Seventh Supplemental Ordinance and the Tender Agreement. Each of the Paying Agent and Tender Agent may at any time resign and be discharged of the duties and obligations created by the General Bond Ordinance, this Seventh Supplemental Ordinance and the Tender Agreement by giving at least 60 days notice to the City, the Paying Agent (as applicable), the Tender Agent (as applicable), the Liquidity Facility Provider, if any, the Credit Provider, if any, and the Remarketing Agent, provided that such resignation shall not take effect until (i) the appointment of a successor Paying Agent or Tender Agent (as applicable) and acceptance by such successor Paying Agent or Tender Agent (as applicable), (ii) if applicable, the resigning Tender Agent shall have transferred its rights under the Liquidity Facility to the successor Tender Agent and (iii) if applicable, the resigning Paying Agent shall have transferred its rights under the Credit Facility to the successor Paying Agent. Each of the Paying Agent and Tender Agent may be removed at any time; provided, however, that no such removal shall take effect unless, prior to or simultaneously with such removal, (i) a successor Paying Agent or Tender Agent (as applicable) shall have been appointed and shall have accepted such appointment, (ii) if applicable, the Tender Agent so removed shall have transferred its rights under the Liquidity Facility to the successor Tender Agent and (ii) if applicable, the Paying Agent so removed shall have transferred its rights under the Credit Facility to the successor Paying Agent. Successor Paying Agents and Tender Agents may be appointed from time to time by the City, with the approval of the Credit Provider, if any, and the Liquidity Facility Provider, if any, such approval not to be unreasonably withheld.

(b) If no successor Paying Agent or Tender Agent shall have been appointed and have accepted appointment within 30 days of the Paying Agent or Tender Agent (as applicable) giving notice of resignation or notice of removal as aforesaid, the Paying Agent or Tender Agent resigning or being removed or any Holder (on behalf of himself and all other Holders) may petition any court of competent jurisdiction for the appointment of a successor Paying Agent or Tender Agent (as applicable), and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Paying Agent or Tender Agent.

(c) Any successor Paying Agent or Tender Agent appointed under this Seventh

Supplemental Ordinance, shall signify its acceptance of such appointment by executing and delivering to the City, the Paying Agent (as applicable), the Tender Agent (as applicable), the Liquidity Facility Provider, if any, the Credit Provider, if any, the Remarketing Agent and the predecessor Paying Agent or Tender Agent a written acceptance thereof (including acceptance of a Tender Agreement substantially similar in form to the Tender Agreement executed upon initial delivery of the Series 2009 Bonds), and thereupon such successor Paying Agent or Tender Agent, without further act, deed or conveyance, shall become vested with all the monies, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Paying Agent or Tender Agent, with like effect as if originally named Paying Agent or Tender Agent herein; but nevertheless at the request of the City, or the request of the successor Paying Agent or Tender Agent, such predecessor Paying Agent or Tender Agent shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Paying Agent or Tender Agent all the right, title and interest of such predecessor Paying Agent or Tender Agent in and to any property held by it under the General Bond Ordinance, this Seventh Supplemental Ordinance and the Tender Agreement and shall pay over, transfer, assign and deliver to the successor Paying Agent or Tender Agent any money or other property subject to the trust and conditions herein set forth. Upon request of the successor Paying Agent or Tender Agent, the City shall execute and deliver any and all instruments as may be reasonably required for more fully certainly vesting in and confirming to successor Paying Agent or Tender Agent all money, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance by a successor Paying Agent or Tender Agent as provided in this subsection, the City shall give notice of the succession of such Paying Agent or Tender Agent hereunder to the Remarketing Agent, the Paying Agent (as applicable) and the Tender Agent (as applicable) and by mail to the Holders of the Series 2009 Bonds at the Holders' addresses. If the City fails to mail such notice within 15 days after the acceptance of appointment by the successor Paying Agent or Tender Agent, the Paying Agent shall cause such notice to be published within 30 days of such acceptance in *The Wall Street Journal* or *The Bond Buyer* at the expense of the City.

(d) Any corporation or association into which the Paying Agent or Tender Agent may be merged or with which it may be consolidated, or any corporation or association resulting from any merger, or any corporation or association succeeding to the corporate trust business of the Paying Agent or Tender Agent, shall be the successor of the Paying Agent or Tender Agent under the General Bond Ordinance, this Seventh Supplemental Ordinance or the Tender Agreement and, if applicable, the Liquidity Facility or the Credit Facility without the execution or filing of any paper or any further act on the part of any of the parties hereto.

Section 29. Establishment of Purchase Fund. There shall be created and established with the Tender Agent a fund designated "City of Columbia, South Carolina Waterworks and Sewer System Revenue Bonds, Series 2009 - Purchase Fund" which shall be administered in accordance with the terms and provisions of the Tender Agreement. The Tender Agent shall establish the following accounts in the Purchase Fund: (a) Remarketing Account; (b) Credit Provider Account or Liquidity Facility Provider Account, as appropriate; and (c) Undelivered Bond Payment Account, which accounts shall be administered in accordance with the provisions of the Tender Agreement. Amounts on deposit in the Purchase Fund and accounts therein shall be kept separate and apart from other funds and accounts controlled by the Tender Agent and shall be held uninvested by the Tender Agent.

Section 30. Remarketing of the Series 2009 Bonds. The Series 2009 Bonds shall be remarketed by the Remarketing Agent in accordance with the terms and provisions of the Remarketing Agreement.

Section 31. Draws on Credit Facility or Liquidity Facility to Pay Purchase Price of the Series 2009 Bonds. If a Credit Facility or Liquidity Facility is in effect, the Paying Agent or the Tender Agent, as the case may be, on each day on which the Series 2009 Bonds are required to be purchased pursuant to Section 6, is hereby directed to make drawings under the Credit Facility or Liquidity Facility (to the extent available) by such times and in such manner as shall be required to receive in immediately available funds on such date to pay the Purchase Price of the Series 2009 Bonds then payable from the Credit Facility or Liquidity Facility tendered for purchase and not remarketed or required to be purchased pursuant to the provisions of this Seventh Supplemental Ordinance, at the time, on the dates, to the extent, and in the manner provided in the Tender Agreement.

Section 32. Purchase of the Series 2009 Bonds. Series 2009 Bonds required to be purchased in accordance with Section 6 shall be purchased from the Holders thereof, on the date and at the Purchase Price at which such Series 2009 Bonds are required to be purchased. Funds for the payment of such Purchase Price shall be derived from the following sources in the order of priority indicated:

(a) proceeds of the sale of such Series 2009 Bonds remarketed to any person other than the City pursuant to the Remarketing Agreement and furnished to the Tender Agent by the Remarketing Agent for deposit into the Remarketing Account of the Purchase Fund; and

(b) moneys furnished by the Paying Agent to the Tender Agent for deposits into the Credit Provider Account of the Purchase Fund, representing moneys received from draws on the Credit Facility, or moneys furnished to the Tender Agent for deposit into the Liquidity Facility Provider Account of the Purchase Fund, representing proceeds received from the purchase of Series 2009 Bonds by the Liquidity Facility Provider, as applicable.

In the event that a premium is required to be paid upon the purchase of any Series 2009 Bonds as provided in Section 8(b)(iii), such premium shall be paid, to the extent allowable, from Available Moneys furnished to the Paying Agent under Section 32(b) hereof or shall be paid by the City from Net Revenues.

In addition to the Remarketing Account, the Credit Provider Account or Liquidity Facility Provider Account, and the Undelivered Bond Payment Account (as such terms are defined in Section 29), the Tender Agent may establish separate accounts or subaccounts within the Purchase Fund for such purposes as the Tender Agent may deem appropriate.

Section 33. No Purchases or Sales of Series 2009 Bonds After Default; Inadequate Funds for Purchase of Series 2009 Bonds.

(a) Notwithstanding anything in this Seventh Supplemental Ordinance to the contrary, there shall be no purchases of Series 2009 Bonds pursuant to this Seventh Supplemental Ordinance if there shall have occurred an Event of Default in respect of which the principal of all Series 2009 Bonds Outstanding shall have been declared immediately due and payable pursuant to

the General Bond Ordinance and such declaration shall not have been annulled. It shall be the obligation of the Paying Agent to notify as soon as practicable the Tender Agent, the Credit Provider, the Liquidity Facility Provider and the Remarketing Agent of the existence of an Event of Default.

(b) If sufficient funds are not available for the purchase of all Series 2009 Bonds tendered or deemed tendered and required to be purchased on any optional or mandatory tender date, all Series 2009 Bonds shall bear interest at the lesser of (a) The Bond Buyer Seven Day General Market Index (Non-AMT) plus 25 basis points and (b) the Maximum Bond Interest Rate from the date of such failed purchase until all Series 2009 Bonds are purchased as required in accordance with this Seventh Supplemental Ordinance, and all tendered Series 2009 Bonds shall be returned to their respective Holders. Notwithstanding any other provision of this Seventh Supplemental Ordinance, such failed purchase and return shall not constitute an Event of Default. Thereafter, the Tender Agent shall continue to take all such action available to it to obtain remarketing proceeds from the Remarketing Agent and sufficient other funds from the Credit Provider, if any, or Liquidity Facility Provider, if any.

Section 34. [Reserved].

Section 35. Designation of Registrar and Paying Agent and Selection of Custodian.

The Council hereby designates U.S. Bank National Association, as Registrar and Paying Agent for the Series 2009 Bonds Fund. The Mayor and the Interim City Manager, or either of them acting alone, are hereby authorized to select the Custodian. The Registrar, Paying Agent and Custodian shall signify their acceptances of their respective duties upon delivery of the Series 2009 Bonds.

Section 36. Sale and Issuance of Series 2009 Bonds; Approval of Forms of Documents and Authorization to Execute and Deliver.

(a) Each of the Mayor and the Interim City Manager, or either one acting alone, is hereby authorized and empowered to determine the Issue Date of the Series 2009 Bonds; whether the initial Interest Rate Period of the Series 2009 Bonds will be a Daily Interest Rate Period or a Weekly Interest Rate Period; the initial Interest Payment Date of the Series 2009 Bonds; the aggregate principal amount of the Series 2009 Bonds, if less than authorized by this Seventh Supplemental Ordinance; the principal amount of each maturity of the Series 2009 Bonds; the Series 2009 Bonds to be subject to mandatory and optional redemption; the redemption prices of the Series 2009 Bonds subject to optional redemption; any Underwriter's or original issue discount or original issue premium at which the Series 2009 Bonds will be sold; and whether the City shall satisfy the 2009 Reserve Fund Requirement with the purchase of the Reserve Policy.

(b) The Council hereby finds and determines that the terms and provisions of the Bond Purchase Agreement are fair and reasonable and in the best interest of the City; that the Series 2009 Bonds shall be sold to the Underwriter upon the terms and conditions set forth in the Bond Purchase Agreement and upon the basis of the representations therein set forth, and that all conditions precedent to or concurrent with the acceptance of the Bond Purchase Agreement by the City have been met. The Council hereby approves the form of Bond Purchase Agreement attached hereto as Exhibit B, together with such amendments and modifications to the form thereof as the Mayor and the Interim City Manager, or either one acting alone, shall negotiate and approve, and authorizes and directs the Mayor and the Interim City Manager, or either one acting alone, to

execute the Bond Purchase Agreement, as so modified and amended, and deliver the same to the Underwriter, such person's execution and delivery of the Bond Purchase Agreement constituting conclusive evidence of his approval of the matters therein contained.

(c) The Council hereby approves the form of Preliminary Official Statement relating to the Series 2009 Bonds, attached hereto as Exhibit C, together with such amendments and modifications to the form thereof as the Mayor and the Interim City Manager, or either one acting alone, shall approve (the "Preliminary Official Statement"). Each of the Mayor and the Interim City Manager, or either one acting alone, is hereby authorized and directed to "deem final" the Preliminary Official Statement for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended. The Council hereby authorizes the preparation of a final Official Statement, in substantially the form of the Preliminary Official Statement, together with such amendments and modifications thereto as the Mayor and the Interim City Manager shall approve (the "Official Statement"). Each of the Mayor and the Interim City Manager, or either one acting alone, is hereby authorized and directed to execute copies of the Official Statement and deliver the same to the Underwriter, which execution and delivery shall be conclusive evidence of the approval of any such modifications; and the City hereby authorizes the use and distribution of the Preliminary Official Statement and the Official Statement, the Ordinance (including this Seventh Supplemental Ordinance) and the information contained herein and therein in connection with the public offering and sale of the Series 2009 Bonds by the Underwriter.

(d) The Council hereby approves the forms of the Credit Facility Provider Agreement, the Remarketing Agreement and the Tender Agreement attached hereto as Exhibits D, E and F, respectively, together with such amendments and modifications to the respective forms thereof as the Mayor and the Interim City Manager, or either one acting alone, shall negotiate and approve, and authorizes and directs the Mayor and the Interim City Manager, or either one acting alone, to execute the Credit Facility Provider Agreement, the Remarketing Agreement and the Tender Agreement, as so modified and amended, and deliver the same to the Underwriter, such person's execution and delivery of the Credit Facility Provider Agreement, the Remarketing Agreement and the Tender Agreement constituting conclusive evidence of his approval of the matters therein contained.

(e) A copy of this Seventh Supplemental Ordinance shall be filed with the minutes of the meeting of Council at which this Seventh Supplemental Ordinance was enacted.

(f) The Council hereby ratifies, confirms and approves the action of the Mayor and the Interim City Manager heretofore undertaken with regard to applications for credit enhancements and/or liquidity arrangements relating to the Series 2009 Bonds from municipal bond insurance companies or other financial institutions and further authorizes and empowers the Mayor and Interim City Manager to enter into, execute and deliver on behalf of the City, such loan, insurance, reimbursement or guaranty agreements as shall be necessary and advisable, with advice of counsel, in connection with the transactions and other matters referred to herein.

(g) The Council hereby authorizes each of the Mayor and the Interim City Manager, or either one acting alone, to negotiate the terms of, and execute, in the name and on behalf of the City, and deliver investment agreements, forward delivery agreements, repurchase agreements and other agreements in connection with the Series 2009 Bonds, to prepare and solicit

bids for providers of such agreements (or amendments or replacements, as applicable) and to execute, in the name and on behalf of the City, written confirmations of any such agreements (or amendments or replacements, as applicable) and other documents as may be necessary in connection therewith.

(h) The Council hereby authorizes and directs all of the officers and employees of the City to carry out or cause to be carried out all obligations of the City under the aforesaid Bond Purchase Agreement and to perform such other actions as they shall consider necessary or advisable in connection with the issuance, sale and delivery of the Series 2009 Bonds.

Section 37. Disposition of Proceeds of Series 2009 Bonds and Certain Other Moneys. The proceeds derived from the sale of the Series 2009 Bonds, net of the original issue discount or original discount premium or both, the Underwriters' discount and the premium on the Reserve Policy (if any), plus accrued interest, if any, on the Series 2009 Bonds, shall be deposited with the Custodian in the Construction Fund of 2009 established in Section 38 hereof to pay Costs of Acquisition and Construction for the 2009 Projects and Costs of Issuance for the Series 2009 Bonds.

Section 38. Construction Fund of 2009. There is hereby created and established the Construction Fund of 2009, which fund shall be held by the Custodian. The Construction Fund of 2009 shall be accounted for as a single fund, however the moneys on deposit therein may be held by one or more banks or other financial institutions designated by the City. The moneys on deposit in the Construction Fund of 2009 shall be used and applied to pay the Cost of the Acquisition and Construction of the 2009 Projects and all Costs of Issuance incidental to the issuance and sale of the Series 2009 Bonds.

Moneys held for the credit of the Construction Fund of 2009 shall be invested to the fullest extent practicable and reasonable, in Permitted Investments, maturing at such times and in such amounts as shall be required to provide moneys to make the payments required to be made from such Fund.

Withdrawals from the Construction Fund of 2009 shall be made upon written direction to the Custodian executed by an Authorized Representative (upon which the Custodian may conclusively rely).

If after the payment in full of all costs of the 2009 Projects or after adequate provision has been made for such payment any moneys remain in the Construction Fund of 2009, such excess shall be paid into the 2009 Debt Service Fund and shall be used only for the payment of the principal of and interest on the Series 2009 Bonds or, in the alternative, to acquire Outstanding Series 2009 Bonds at a price (exclusive of accrued interest) not exceeding the face amount thereof.

Section 39. Federal Tax Covenant. The City hereby covenants and agrees with the Holders of the Series 2009 Bonds that it will not take any action which will, or fail to take any action which failure will, cause interest on the Series 2009 Bonds to become includable in the gross income of the Bondholders for federal income tax purposes pursuant to the applicable provisions of the Code and the regulations promulgated thereunder in effect on the date of original issuance of the Series 2009 Bonds and that no use of the proceeds of the Series 2009 Bonds shall be made which, if such use had been reasonably expected on the date of issue of the Series 2009 Bonds would have

caused the Series 2009 Bonds to be "arbitrage bonds," as defined in the Code; and to that end the City hereby shall:

(a) comply with the applicable provisions of Section 103 and Sections 141 and 150 of the Code and any regulations promulgated thereunder so long as any of the Series 2009 Bonds are Outstanding;

(b) establish such funds, make such calculations and pay such amounts, if necessary, in the manner and at the times required in order to comply with the requirements of the Code relating to required rebate of certain amounts to the United States; and

(c) make such reports of such information at the times and places required by the Code.

Section 40. Continuing Disclosure.

(a) If the Interest Rate Period on the Series 2009 Bonds is converted to an interest rate mode pursuant to Section 5 hereof, the effect of which would be to subject the City to continuing disclosure obligations pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), as an "obligated person" within the meaning of the Rule, it shall be an express condition to the conversion thereof that the City will execute and deliver, simultaneously with the proposed Conversion Date, a copy of a continuing disclosure certificate or agreement imposing obligations upon the City to comply with the requirements of the Rule, as it may be amended or supplemented from time to time, with respect to the Series 2009 Bonds, together with an opinion of counsel to the effect that such certificate or agreement complies with the requirement of such Rule. Notwithstanding any other provision of the Ordinance or this Seventh Supplemental Ordinance, failure of the City to comply with the provisions of such continuing disclosure certificate or agreement shall not be considered an Event of Default under the Ordinance or this Seventh Supplemental Ordinance.

(b) The City covenants, so long as and to the extent required pursuant to Section 11-1-85, Code of Laws of South Carolina 1976, as amended, to file with a central repository for availability in the secondary bond market when requested:

(i) an annual independent audit, within thirty days of the City's receipt of the audit; and

(ii) event specific information within thirty (30) days of an event adversely affecting more than five (5%) percent of the Revenues or the City's tax base.

The only remedy for failure by the City to comply with the covenant in this Section 39 shall be an action for specific performance of this covenant; and failure to comply shall not constitute a default or an "Event of Default" under the Ordinance or this Seventh Supplemental Ordinance. The Registrar and the Paying Agent shall have no responsibility to monitor the City's compliance with this covenant. The City specifically reserves the right to amend this covenant in order to reflect any change in Section 11-1-85 of the Code of Laws of South Carolina 1976, as

amended, without the consent of the Registrar and the Paying Agent or Holder of any Series 2009 Bond.

Section 40. [Reserved].

Section 41. Modification of Ordinance. The following provisions of the Ordinance are hereby amended, which amendments to the Ordinance hereinafter set forth shall not become effective until the earlier of: (1) all the Bonds of 1993, the Bonds of 1999, the Bonds of 2001 and the Bonds of 2005 shall cease to be Outstanding; or (2) the Holders of 66 2/3% in principal amount of the Bonds then Outstanding assent to and authorize such amendments to the Ordinance in accordance with Article IX of the Ordinance. Any Bonds, including the Series 2009 Bonds, issued after the date of enactment of this Seventh Supplemental Ordinance shall contain a reference to the amendments herein made.

(1) The definition of "Debt Service" shall be amended by adding the following text at the end thereof:

; provided, further, that in the case of Bonds which have been or shall be issued as taxable obligations, for which the City has or shall be entitled to receive a payment that effectively reduces the City's debt service payment obligation therefor (including but not limited to Build America Bonds ("BABs") issuable pursuant to the authority of the American Recovery and Reinvestment Act of 2009 (the "ARRA")), the amount to be paid or set aside in the applicable Debt Service Fund in each Fiscal Year for such payment of Debt Service shall be reduced by the payment that the City has or shall be entitled to receive for such purpose.

(2) The definition of "Maximum Debt Service" shall be amended by adding the following text at the end thereof:

; provided, further, that in the case of Bonds which have been or shall be issued as taxable obligations, for which the City has or shall be entitled to receive a payment that effectively reduces the City's debt service payment obligation therefor (including but not limited to BABs issuable pursuant to the authority of the ARRA), the highest aggregate principal and interest requirements for such Bonds during any Fiscal Year shall be reduced by the payment that the City has or shall be entitled to receive therefor.

(3) Section 7.1 of the General Bond Ordinance is hereby amended by adding the following text at the end thereof:

; provided, further, that for purposes of determining the amounts required to be deposited into a Debt Service Fund pursuant to clause (c), to provide for payment of Junior Bonds pursuant to clause (e) or otherwise as provided in clause (f) above, in the case of Bonds or Junior Bonds which have been or shall be issued as taxable obligations, for which the City has or shall be entitled to receive a payment that effectively reduces the City's debt service payment obligation therefor (including but not limited to BABs issuable pursuant to the authority of the ARRA), the debt service requirements for such Bonds or Junior Bonds shall be reduced by the payment that the City has or shall be entitled to receive therefor.

Section 42. Further Actions. The Mayor and Interim City Manager, the Clerk to Council, and City Attorney are hereby authorized and directed to take any and all such further actions as shall be deemed necessary or desirable in order to effectuate issuance of the Series 2009 Bonds including but not limited to the execution and delivery of the Remarketing Agreement, the Credit Facility Provider Agreement, and the Tender Agreement and any documents contemplated by the foregoing, to fulfill the requirements of the Bond Purchase Agreement.

Section 43. Notice to Rating Agencies. Each Rating Agency then rating the Series 2009 Bonds shall receive notice from the Paying Agent of the following items: any change in Paying Agent or Tender Agent, any material change in the General Bond Ordinance or this Seventh Supplemental Ordinance, any acceleration of the Series 2009 Bonds, any expiration, substitution, termination or renewal of, or material change to, the Liquidity Facility or the Credit Facility or Credit Facility Provider Agreement, conversion from one Interest Rate Period to another, any notice of mandatory tender, mandatory redemption, defeasance, the substitution of a new Remarketing Agent and the redemption or defeasance of all the Series 2009 Bonds.

Section 44. Notices.

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Seventh Supplemental Ordinance or the Series 2009 Bonds must be in writing except as expressly provided otherwise in this Indenture or the Series 2009 Bonds.

(b) Except as otherwise provided herein, any notice or other communication shall be sufficiently given and deemed given when (i) delivered by hand, (ii) sent by a nationally recognized overnight courier, (iii) mailed by first-class mail, postage prepaid, or (iv) unless specifically prohibited under the terms of this Seventh Supplemental Ordinance, by telecopy under the provisions of this Seventh Supplemental Ordinance addressed as follows:

If to the City:

City of Columbia
1737 Main Street
Columbia, South Carolina 29217-0147
Attention: Interim City Manager

If to the Registrar:

U.S. Bank National Association
1441 Main Street, Suite 775
Columbia, South Carolina 29201
Attention: Corporate Trust Department

If to the Paying Agent or Tender Agent:

U.S. Bank National Association
60 Livingston Avenue
St. Paul, Minnesota 55107
Attention: Corporate Trust Department

If to the Credit Provider, at the address provided for notices in the Credit Facility or the Credit Facility Provider Agreement.

If to the Rating Agency, at:

If Standard & Poor's is then rating the Series 2009 Bonds,

Standard & Poor's Ratings Services, a Division
of The McGraw-Hill Companies, Inc.
Municipal Finance Structured Group
55 Water Street, 38th Floor
New York, New York 10041

to be confirmed by e-mail: pubfin_structured@sandp.com

If Moody's is then rating the Series 2009 Bonds,

Moody's Investors Service, Inc.
Structured Finance Group
99 Church Street
New York, New York 10007

If to the Remarketing Agent:

Morgan Keegan & Company, Inc.
50 North Front Street
Memphis, Tennessee 38103
Attn: Short Term Products Group

In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED".

The above parties may, by notice given to the other parties, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

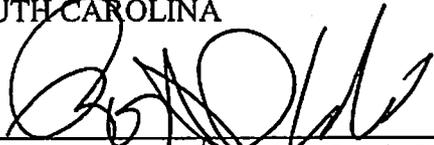
The City, the Authority, the Registrar, the Paying Agent, the Tender Agent, the Credit Provider, if any, the Liquidity Facility Provider, if any, the Remarketing Agent and any Rating Agency may, by notice given to the other parties, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 45. Repeal of Inconsistent Ordinances and Resolutions. All ordinances and resolutions of the City, and any part of any ordinance or resolution, inconsistent with this Seventh Supplemental Ordinance are hereby repealed to the extent of such inconsistency.

Section 46. Effective Date. This Seventh Supplemental Ordinance shall become effective upon its enactment.

Enacted by the City Council of the City of Columbia, South Carolina, this 19th day of August 2009.

CITY COUNCIL OF THE CITY OF COLUMBIA,
SOUTH CAROLINA

By: 

Mayor, City of Columbia, South Carolina

(SEAL)

ATTEST:


Clerk

Date of First Reading:

Date of Second Reading:

List of 2009 Projects

WATER CIP

Description

Rehabilitation of Water Lines and Fire Protection Upgrades
System Wide Expansion
Installation of New Water Storage Facilities
Columbia Canal Water Treatment Plant Upgrade

SEWER CIP

Description

Rehabilitation of Sewer Lines
System Wide Expansion
Metro Waste Water Treatment Plant Upgrade

FORM OF SERIES 2009 BOND

[Unless this certificate is presented by an authorized representative of The Depository Trust Company, New York, New York ("DTC") to City of Columbia, South Carolina or its agent for registration of transfer, exchange, or payment and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
CITY OF COLUMBIA
WATERWORKS AND SEWER SYSTEM REVENUE BOND
SERIES 2009

REGISTERED

No. R-1

<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>CUSIP</u>
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As Described Herein

REGISTERED HOLDER: CEDE & CO.

PRINCIPAL AMOUNT: \$ _____

City of Columbia, South Carolina (the "City"), is justly indebted and, for value received, hereby promises to pay to the Holder (named above), or registered assigns, but solely from the revenues hereinafter mentioned and not otherwise, the Principal Amount shown above on the Maturity Date shown above (unless the within Bond shall be subject to prior redemption and shall have been duly called for previous redemption and payment of redemption price made or provided for), to pay interest, but solely from the revenues hereinafter mentioned and not otherwise, on such principal amount from the date hereof at the rates and at the times provided herein, until such principal amount is paid. This Bond shall be subject to optional and mandatory tender for purchase by the Tender Agent as hereinafter described. The principal of and premium, if any, and Purchase Price on this Bond are payable at the principal office of U.S. Bank National Association, St. Paul, Minnesota, as paying agent (the "Paying Agent"). In the case of Bonds (as defined herein) which are not in Book-Entry Form, interest on this Bond is payable by check mailed on the date on which due to the Holder hereof at the address of such Holder shown on the registration books kept by U.S. Bank National Association, as registrar (the "Registrar"), as of the close of business on the Regular Record Date in respect of such interest. In the case of Bonds (as defined herein) which are not in Book Entry Form, (i) Bonds bearing interest at Bond Interest Term Rates, or (ii) any Holder of Bonds bearing interest other than at a Bond Interest Term Rate in an aggregate principal amount in

excess of \$1,000,000, who, prior to the Regular Record Date next preceding any Interest Payment Date, shall have provided, or caused to be provided, the Registrar with wire transfer instructions, interest payable on such Bonds shall be paid to an account within the continental United States in accordance with the wire transfer instructions provided by the Holder of such Bonds (or by the Remarketing Agent on behalf of such Holder); provided, however, that during any Short-Term Interest Rate Period, interest on any Bonds shall be payable only upon presentation and surrender of such Bonds at the designated office of the Tender Agent. All such payments shall be made in such coin or currency of the United States of America which, at the respective times of payment, are legal tender for payment of public and private debts.

THIS BOND HAS BEEN ISSUED UNDER THE PROVISIONS OF TITLE 6, CHAPTER 17, CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED, AND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN STATE CONSTITUTIONAL PROVISIONS (OTHER THAN ARTICLE X, SECTION 14, PARAGRAPH 10 OF THE SOUTH CAROLINA CONSTITUTION AUTHORIZING OBLIGATIONS PAYABLE SOLELY FROM SPECIAL SOURCES NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE). THIS BOND AND THE BONDS OF THE SERIES OF WHICH IT IS ONE SHALL NOT CONSTITUTE A DEBT OF THE CITY, NOR A CHARGE, LIEN OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE CITY OR ON ANY INCOME, RECEIPTS OR REVENUES THEREOF, OTHER THAN THE AFORESAID REVENUES OF THE SYSTEM PLEDGED THERETO. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THIS BOND OR THE INTEREST THEREON AGAINST THE GENERAL FUND OF THE CITY AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY SHALL BE DEEMED TO BE PLEDGED THERETO. THE FULL FAITH, CREDIT AND TAXING POWERS OF THE CITY ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

This Bond shall not be entitled to any benefit under the Bond Ordinance (hereinafter defined), nor become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been duly executed by the Registrar.

This Bond is one of an authorized series of Bonds (as defined in the Bond Ordinance) of the aggregate principal amount of _____ (\$ _____) of like date of original issue, tenor and effect, except as to number, date of maturity, principal amount, date of authentication, registered holder, redemption provisions and rate of interest, issued by the City for the purpose of making certain improvements, enlargements and extensions to the City's Water and Sewer System (the "System"). This Bond and the series of Bonds of which it is one are authorized to be issued and are issued under, pursuant to and in full compliance with the Constitution and statutes of the State of South Carolina, including particularly Article X, Section 14(10) of the South Carolina Constitution and Title 6, Chapter 17, of the Code of Laws of South Carolina, 1976, as amended (the "Act"). This Bond and the series of Bonds of which it is one are also authorized to be issued and are issued under and pursuant to General Bond Ordinance No. 93-43 of the City Council of the City (the "Council") enacted on May 21, 1993 (the "General Bond Ordinance"), as amended by Third Supplemental Ordinance No. 2001-090 of the Council enacted on October 24, 2001 (the "Third Supplemental Ordinance"), and as supplemented by the Fifth Supplemental Ordinance No. 2007-072 of the Council enacted on September 19, 2007 and the Seventh Supplemental Ordinance No. 2009-83 of the Council enacted on _____, 2009 (collectively, the "Supplemental Bond Ordinances," and together with the General Bond Ordinance and the Third Supplemental

Ordinance, the "Bond Ordinance"), under the Act which Bond Ordinance has been duly codified and indexed as prescribed by law.

The Bond Ordinance contains provisions defining terms, including the properties comprising the System, sets forth the revenues pledged for the payment of the principal of and interest on this Bond and the Bonds (as defined in the Bond Ordinance) of other series which may hereafter be issued on a parity herewith under the Bond Ordinance; sets forth the nature, extent and manner of enforcement of the security of this Bond and of such pledge, and the rights and remedies of the holder hereof with respect thereto; sets forth the terms and conditions upon which and the extent to which the Bond Ordinance may be altered, modified and amended; sets forth the terms and conditions upon which this Bond is issued upon which other bonds may be hereinafter issued payable as to principal, premium, if any, and interest on a parity with this Bond and equally and ratably secured herewith; sets forth the rights, duties and obligations of the City thereunder; and sets forth the terms and conditions upon which the pledge made in the Bond Ordinance for the security of this Bond and upon which the covenants, agreements and other obligations of the City made therein may be discharged at or prior to the maturity or redemption of this Bond with provisions for the payment thereof in the manner set forth in the Bond Ordinance. Reference is hereby made to the Bond Ordinance to all of the provisions of which any holder of this Bond by the acceptance hereof thereby assents. The provisions of the General Bond Ordinance pertaining to the definitions of the "Debt Service" and "Maximum Debt Service", to provide for the calculation of interest on Variable Rate Bonds for purposes of the additional bonds' test, and to otherwise modify the rate covenant have been amended by the Third Supplemental Ordinance and the Seventh Supplemental Ordinance. The provisions of the Act and the Bond Ordinance shall be a contract with the holder of this Bond.

This Bond and the series of Bonds of which it is one and the interest thereon are special, limited obligations of the City and are secured by and payable solely from, and secured equally and ratably by a pledge of and lien upon, the Net Revenues (as defined in the General Bond Ordinance) derived by the City from the System; and on a parity with the Bonds of 1993, the Bonds of 1999, the Bonds of 2005 (as such terms are defined in the Seventh Supplemental Ordinance) and any Series of Bonds (as defined in the General Bond Ordinance) hereafter issued under the General Bond Ordinance payable from such Net Revenues on a parity and equally and ratably secured therewith. The Bonds are also secured by an irrevocable, direct-pay letter of credit (the initial "Credit Facility") issued by U.S. Bank National Association (the "Bank"), pursuant to a Letter of Credit and Reimbursement Agreement dated _____ (the initial "Credit Facility Provider Agreement"). Subject to certain conditions, the Credit Facility may be replaced by an Alternate Credit Facility and, if so, references in this Bond to the Credit Facility or the Bank shall refer to such Alternate Credit Facility or to the provider of such Alternate Credit Facility.

Reference is hereby made to the Credit Facility and the Credit Facility Provider Agreement for a more complete statement of the provisions thereof and of the rights and duties of the City, the Paying Agent, the Tender Agent, the Bank, and the Holders of the Bonds with respect thereto. Copies of such documents are on file and may be inspected at the principal office of the Paying Agent in Columbia, South Carolina. By the purchase and acceptance of this Bond, the holder hereof signifies assent to all of the provisions of the Credit Facility.

The term of the Bonds will be divided into consecutive Interest Rate Periods during each of which the Bonds shall bear interest at Daily Interest Rates (a "Daily Interest Rate Period"), Weekly

Interest Rates (a "Weekly Interest Rate Period"), a Long-Term Interest Rate (a "Long-Term Interest Rate Period"), Bond Interest Term Rates for one or more consecutive Bond Interest Terms (a "Short-Term Interest Rate Period"), or with respect to any Bank Bond until such Bank Bond is paid in full, the Bank Bond Rate; provided, however that no Bond (other than Bank Bonds) may bear interest at a rate in excess of the Maximum Bond Interest Rate and no Bank Bond may bear interest at a rate in excess of the Maximum Bank Bond Interest Rate, The initial Interest Rate Period shall be a [Daily][Weekly] Interest Rate Period. The interest rate on the Bonds may be adjusted from time to time to a [Daily][Weekly] Interest Rate, Bond Interest Term Rates or a Long-Term Interest Rate and thereafter again adjusted as described in the Bond Ordinance. As hereinafter described, the Bonds are subject to mandatory purchase on the first day of any Interest Rate Period.

During any Daily Interest Rate Period, interest on this Bond shall be payable on each Interest Payment Date for the period commencing on the Interest Accrual Date preceding the prior Interest Payment Date (or, in the case of the first Interest Payment Date during any Daily Interest Rate Period, the Interest Accrual Date which is the first day of such Daily Interest Rate Period preceding such Interest Payment Date) and ending on the last day of the month in which such Interest Accrual Date occurs (or, if sooner, the last day of the Daily Interest Rate Period). During any Weekly Interest Rate Period, interest on this Bond shall be payable on each Interest Payment Date for the period commencing on the immediately preceding Interest Accrual Date (hereinafter defined) (or, if any Interest Payment Date is not a Thursday, commencing on the second preceding Interest Accrual Date) and ending on the Wednesday immediately preceding the Interest Payment Date (or, if sooner, the last day of the Weekly Interest Rate Period). During any Short-Term Interest Rate Period or Long-Term Interest Rate Period, interest on this Bond shall be payable on each Interest Payment Date for the period commencing on the immediately preceding Interest Accrual Date and ending on the day immediately preceding such Interest Payment Date. In any event, interest on this Bond shall be payable for the final Interest Rate Period to the date on which this Bond shall have been paid in full.

Interest shall be computed, in the case of a Long-Term Interest Rate Period, on the basis of a 360-day year consisting of twelve 30-day months, and in the case of any other Interest Rate Period, on the basis of a 365 or 366-day year, as the case may be, for the actual number of days elapsed. Interest on the Bank Bonds shall be calculated and paid as determined in the Credit Facility Provider Agreement. The Bonds may be issued in the form of fully registered Bonds in the denominations of (i) with respect to any Long-Term Interest Rate Period, \$5,000 and any integral multiple thereof, and (ii) with respect to any Daily Interest Rate Period, Weekly Interest Rate Period or Short-Term Interest Rate Period, \$100,000 and any integral multiple of \$5,000 in excess of \$100,000 (the "Authorized Denominations").

The term "Interest Accrual Date" means (i) with respect to any Daily Interest Rate Period, the first day thereof and, thereafter, the first day of each calendar month, (ii) with respect to any Weekly Interest Rate Period, the first day thereof and, thereafter, the first Thursday of each calendar month during that Weekly Interest Rate Period, (iii) with respect to any Long-Term Interest Rate Period, the first day thereof and, thereafter, each Interest Payment Date in respect thereof, other than the last such Interest Payment Date, (iv) with respect to each Bond Interest Term within a Short-Term Interest Rate Period, the first day thereof and (v) with respect to Bank Bonds, as set forth in the Liquidity Facility or the Credit Facility Provider Agreement then in effect; provided that if no such Interest Accrual Date is specified in the Liquidity Facility or the Credit Facility Provider Agreement, then the Interest Accrual Date for Bank Bonds shall be the Interest Accrual Date

which would apply if such Bank Bonds were not Bank Bonds.

The term "Interest Payment Date" means (i) with respect to any Daily Interest Rate Period, the fifth Business Day of each calendar month, (ii) with respect to any Weekly Interest Rate Period, the first Thursday of each calendar month, or, if such first Thursday shall not be a Business Day, the next succeeding Business Day, (iii) with respect to any Long-Term Interest Rate Period, each June 1 and December 1, or, if any such June 1 or December 1 shall not be a Business Day, the next succeeding Business Day, (iv) with respect to any Short-Term Interest Rate Period, the day next succeeding the last day thereof, and (v) with respect to Bank Bonds, as set forth in the Liquidity Facility or the Credit Facility Provider Agreement then in effect; provided that if no such Interest Payment Date is specified in the Liquidity Facility or the Credit Facility Provider Agreement, then the Interest Payment Date for Bank Bonds shall be the date upon which interest would be payable if such Bank Bonds were not Bank Bonds. The term "Business Day" means (1) a Saturday or Sunday, (ii) a day on which banks located in New York, New York or the cities in which the principal office of the City, the Liquidity Facility Provider, if any, the Remarketing Agent, the Paying Agent, the Tender Agent and the Credit Provider, if any, are required or authorized by law to remain closed, and (iii) a day on which the New York Stock Exchange is not closed.

The interest rate on the Bonds shall be determined as follows:

(1) Daily Interest Rate. During each Daily Interest Rate Period, this Bond shall bear interest at the same Daily Interest Rate, which shall be determined by the Remarketing Agent on each Business Day for such Business Day. The Daily Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable in the judgment of the Remarketing Agent to this Bond and known by the Remarketing Agent to have been priced or traded under then prevailing marketing conditions) to be the minimum interest rate which, if borne by this Bond, would enable the Remarketing Agent to sell this Bond on such Business Day at a price (without regarding accrued interest) equal to the principal amount thereof. The Daily Interest Rate for any day which is not a Business Day shall be the same as the Daily Interest Rate for the immediately preceding Business Day. In the event that the Remarketing Agent fails to establish a Daily Interest Rate for any Business Day, then the Daily Interest Rate for such Business Day shall be the same as the Daily Interest Rate for the immediately preceding Business Day if the Daily Interest Rate for such preceding Business Day was determined by the Remarketing Agent, and such rate shall continue until the earlier of (A) the date on which the Remarketing Agent determines a new Daily Interest Rate or (B) the seventh day succeeding the first such day on which such Daily Interest Rate is not determined by the Remarketing Agent. In the event that the Daily Interest Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, or the Remarketing Agent fails to determine a new Daily Interest Rate for a period of seven days as described in clause (B) of the immediately preceding sentence, then the interest rate for such week shall be equal to the SIFMA Municipal Swap Index (or if such SIFMA Municipal Swap Index does not exist, any reasonably equivalent nationally recognized index) on the day the Daily Interest Rate would otherwise be determined as provided herein for such Daily Interest Rate Period, until such Daily Interest Rate is again validly determined by such Remarketing Agent.

(2) Weekly Interest Rate. During each Weekly Interest Rate Period, this Bond shall bear interest at the Weekly Interest Rate, which shall be determined by the Remarketing Agent on

Wednesday of each week during such Weekly Interest Rate Period, or if such day shall not be a Business Day, then the next preceding Business Day. The Weekly Interest Rate determined for each Weekly Interest Rate Period shall be determined on or prior to the first day of such Weekly Interest Rate Period and shall apply to the period commencing on the first day of such Weekly Interest Rate Period and ending on the next succeeding Wednesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on Thursday and ending on the next succeeding Wednesday, unless such Weekly Interest Rate Period shall end on a day other than Wednesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on Wednesday preceding the last day of such Weekly Interest Rate Period and ending on the last day of such Weekly Interest Rate Period. The Weekly Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable in the judgment of the Remarketing Agent to the Bonds and known by the Remarketing Agent to have been priced or traded under then prevailing marketing conditions) to be the minimum interest rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on such date of determination at a price (without regarding accrued interest) equal to the principal amount thereof. In the event that the Remarketing Agent fails to establish a Weekly Interest Rate for any week, then the Weekly Interest Rate for such week shall be the same as the Weekly Interest Rate for the immediately preceding week if the Weekly Interest Rate for such preceding week was determined by the Remarketing Agent. In the event that the Weekly Interest Rate for the immediately preceding week was not determined by the Remarketing Agent, or in the event that the Weekly Interest Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, then the interest rate for such week shall be equal to the SIFMA Municipal Swap Index (or if such Index does not exist, any reasonably equivalent nationally recognized index) on the day the Weekly Interest Rate would otherwise be determined as provided in the Bond Ordinance for such Weekly Interest Rate Period, until such Weekly Interest Rate is again validly determined by such Remarketing Agent.

(2) Long Term Interest Rate. During each Long-Term Interest Rate Period, this Bond shall bear interest at the Long-Term Interest Rate. The duration of a Long-Term Interest Rate Period will be determined by the City, which duration will be at least 181 days. The Long-Term Interest Rate for the Bonds shall be determined by the Remarketing Agent on a Business Day no earlier than two weeks before the effective date of such Long-Term Interest Rate Period and no later than the effective date of such Long-Term Interest Rate Period. The Long-Term Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable in the judgment of the Remarketing Agent to the Bonds and known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the minimum interest rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds on such date of determination at a price (without regarding accrued interest) equal to the principal amount thereof. If, for any reason, the Long-Term Interest Rate is not so determined for any Long-Term Interest Rate Period by the Remarketing Agent on or prior to the first day of such Long-Term Interest Rate Period, then the Bonds shall bear interest at a Weekly Interest Rate as provided above until such time as the interest rate on the Bonds shall have been adjusted to Bond Interest Term Rates or a Long-Term Interest Rate.

(3) Bond Interest Terms and Bond Interest Term Rates. During each Short-Term Interest Rate Period, this Bond shall bear interest during each Bond Interest Term for this Bond at the Bond Interest Term Rate for this Bond. The Bond Interest Term and Bond Interest Term Rate for this Bond shall be determined by the Remarketing Agent no later than the first day of each Bond

Interest Term. The Bond Interest Term and the Bond Interest Term Rate need not be the same for any two Bonds, even if determined on the same date. The Bond Interest Term for each Bond shall be a period of not more than 180 days determined by the Remarketing Agent to be the period which, together with all other Bond Interest Terms for all Bonds then outstanding under the Bond Ordinance will result in the lowest overall interest expense on the Bonds over the next succeeding 180 days, taking into account certain factors set forth in the Bond Ordinance. Any Bond purchased on behalf of the City and remaining unsold by the Remarketing Agent as of the close of business on the first day of the Bond Interest Term for that Bond shall have a Bond Interest Term of one day or, if that Bond Interest Term does not end on a day immediately preceding a Business Day, a Bond Interest Term ending on the day immediately preceding the next Business Day. If, for any reason a Bond Interest Term for any Bond cannot be so determined by the Remarketing Agent, or if the determination of such Bond Interest Term is held by a court of law to be invalid or unenforceable, then such Bond Interest Term shall be 30 days, but if the last day so determined shall not be a day immediately preceding a Business Day, shall end on the first day immediately preceding the Business Day next succeeding such last day, or if such last day would be after the day immediately preceding the Maturity Date, shall end on the day immediately preceding the Maturity Date. The Bond Interest Term Rate for each Bond Interest Term for this Bond shall be the rate of interest per annum determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable in the judgment of the Remarketing Agent to the Bonds and known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by this Bond, would enable the Remarketing Agent to sell this Bond on the date and at the time of such determination at a price (without regarding accrued interest) equal to the principal amount thereof. If for any reason a Bond Interest Term Rate for any Bond is not so established by the Remarketing Agent for any Bond Interest Term, or such Bond Interest Term Rate is determined by a court of law to be invalid or unenforceable, then the Bond Interest Term Rate for such Bond Interest Term shall be the rate per annum equal to the SIFMA Municipal Swap Index (or if such Index does not exist, any reasonably equivalent nationally recognized index) on the first day of such Bond Interest Term and which maturity most nearly equals the Bond Interest Term for which a Bond Interest Term Rate is being calculated.

Bank Bond Rate. Bank Bonds held by the Bank shall bear interest at a variable rate equal to the Bank Bond Rate and as otherwise provided in the Credit Facility Provider Agreement. At such time as an Alternate Credit Facility is in effect, "Bank Bond Rate" shall have such meaning as is set forth therein.

Morgan Keegan & Company, Inc., has been appointed as the initial Remarketing Agent for the Bonds, and Grigsby & Associates has been appointed as the initial co-Remarketing Agent for the Bonds. U.S. Bank National Association has been appointed as the initial Tender Agent for the Bonds whose principal office for the delivery of Bonds at the date of issuance of the Bonds is located at 60 Livingston Avenue, St. Paul, Minnesota 55107, Attention: Corporate Trust Department.

The Registrar shall give notice by first class mail of an adjustment in the Interest Rate Period not less than twelve (12) days (fifteen (15) days if the then current Interest Rate Period is a Long-Term Interest Rate Period) prior to the effective date of such Interest Rate Period, or, in the case of an adjustment to a Long-Term Interest Rate Period, not less than thirty (30) days prior to the effective date of such Long-Term Interest Rate Period. In the event of an adjustment in the Interest Rate Period applicable to the Bonds, the Bonds shall be subject to mandatory tender for purchase as

hereinafter described.

In connection with any adjustment of the Interest Rate Period on the Bonds, the City is obligated to satisfy certain conditions precedent as described in the Bond Ordinance. In the event that any conditions to adjustment of any Interest Rate Period as provided in the Bond Ordinance are not met, then the Bonds shall continue to bear interest at a Daily Interest Rate, a Weekly Interest Rate or Bond Interest Term Rates, as the case may be, as in effect immediately prior to such proposed adjustment in the Interest Rate Period, or, in the event that the Bonds are being adjusted from a Long-Term Interest Rate Period, then the Bonds shall be adjusted to bear interest at a Weekly Interest Rate on the date which would have been the effective date of such change in the Interest Rate.

Purchase of Bonds During Daily Interest Rate Period. During any Daily Interest Rate Period, this Bond shall be purchased (but solely from the sources set forth in the Bond Ordinance; and in the event such sources shall prove to be insufficient to make payment of the required Purchase Price, the failure to make any such purchase shall not constitute an Event of Default under the Bond Ordinance) at the option of the Holder on any Business Day at a Purchase Price equal to the principal amount hereof plus accrued interest, if any, from the Interest Accrual Date immediately preceding the date of purchase through the day immediately preceding the date of purchase, unless the date of purchase shall be an Interest Payment Date, in which case at a Purchase Price equal to the principal amount thereof, payable in immediately available funds, upon delivery to the Tender Agent at its principal office for delivery of notices by 11:00 a.m. on such Business Day of an irrevocable written notice which states the principal amount of this Bond to be purchased.

Purchase of Bonds During Weekly Interest Rate Period. During any Weekly Interest Rate Period, this Bond shall be purchased (but solely from the sources set forth in the Bond Ordinance; and in the event such sources shall prove to be insufficient to make payment of the required Purchase Price, the failure to make any such purchase shall not constitute an Event of Default under the Bond Ordinance) at the option of the Holder on any Business Day at a Purchase Price equal to the principal amount hereof plus accrued interest, if any, from the Interest Accrual Date immediately preceding the date of purchase through the day immediately preceding the date of purchase, unless the date of purchase shall be an Interest Payment Date, in which case at a Purchase Price equal to the principal amount thereof, payable in immediately available funds, upon delivery to the Tender Agent at its principal office for delivery of notices of an irrevocable written notice which states the principal amount of this Bond and the date on which the same shall be purchased, which date shall be a Business Day not prior to the seventh day next succeeding the date of delivery of such notice to the Tender Agent. Any notice delivered to the Tender Agent after 4:00 p.m., New York City time, shall be deemed to have been received on the next succeeding Business Day.

Mandatory Tender for Purchase on Day Next Succeeding the Last Day of Each Bond Interest Term. On the day next succeeding the last day of each Bond Interest Term for this Bond, unless such day is the first day of a new Interest Rate Period (in which event such Bond shall be subject to mandatory tender for purchase), this Bond shall be subject to mandatory tender for purchase from its Holder at a Purchase Price equal to the principal amount hereof, plus accrued interest, if any, payable in immediately available funds.

Mandatory Tender for Purchase on First Day of Each Interest Rate Period. This Bond shall

be subject to mandatory tender for purchase on the first day of each Interest Rate Period, or on the day which would have been the first day of an Interest Rate Period in the event that one of the conditions precedent to the adjustment to a new Interest Rate Period shall not be met as described in the Bond Ordinance, at a Purchase Price, payable in immediately available funds, equal to the principal amount hereof, or in the case of a purchase on the first day of an Interest Rate Period which shall be preceded by a Long-Term Interest Rate Period and which shall commence prior to the day originally established as the last day of such preceding Long-Term Interest Rate Period, at a Purchase Price equal to the optional redemption price then applicable to this Bond on such mandatory purchase date if such preceding Long-Term Interest Rate Period had continued to the day originally established as its last day, plus accrued interest, if any.

Mandatory Tender for Purchase upon Termination, Expiration, Reduction, Modification or Replacement of the Credit Facility, Non-Reinstatement of Credit Facility or Event of Default under the Credit Facility Provider Agreement.

This Bond shall be subject to mandatory tender for purchase if:

(1) subject to the provisions of paragraph (3) herein, this Bond shall cease to be payable from the Credit Facility as a result of (i) (A) the termination or expiration of the term of such Credit Facility, or (B) such Credit Facility being reduced, replaced or modified with the effect that this Bond is no longer payable from such Credit Facility (in each case, whether or not any Alternate Credit Facility has been obtained), or (ii) the Credit Provider notifying the Paying Agent of an event of default under the Credit Facility Provider Agreement which will result in the termination of the Credit Facility, on the fifth day preceding any such termination (as described in clause (i)(A) above), expiration, reduction, modification or replacement of the Credit Facility or on the third day preceding the termination of the Credit Facility following the Credit Provider's notification of the Paying Agent of an event of default under the Credit Facility Provider Agreement (as described in clause (ii) above). The Purchase Price for such Bonds shall be equal to the principal amount thereof, plus accrued interest (if any) thereon.

(2) to the extent that (A) a Drawing (as defined in the Credit Facility) has occurred under the Credit Facility, (B) the Credit Provider has not been reimbursed for such Drawing and (C) the Paying Agent has received a notice from the Credit Provider (a "Notice of Non-Reinstatement") that the Credit Provider has not been reimbursed for such Drawing and the Credit Facility will not be reinstated pursuant to the terms of the Credit Facility, the portion of this Bond to which the unreimbursed Drawing relates (other than Bank Bonds), on the second Business Day after the Paying Agent receives the Notice of Non-Reinstatement. The Purchase Price for such Bonds shall be equal to the principal amount thereof, plus accrued interest (if any) thereon.

(3) Notwithstanding anything in paragraph (1) above to the contrary, in the event that in connection with any such termination, expiration, reduction or modification of an existing Credit Facility and replacement thereof by an Alternate Credit Facility, the City shall deliver to the Paying Agent, the Tender Agent, the Remarketing Agent and the Registrar, prior to the date that notice of such termination, expiration, reduction or modification and replacement is given by the Registrar as provided in the Bond Ordinance, written evidence from each Rating Agency then rating this Bond to the effect that such termination, expiration, reduction or modification and replacement in and of itself will not result in the withdrawal or reduction of the rating(s) then applicable to this Bond, then this Bond shall not be subject to mandatory tender for purchase as provided in paragraph (1) solely

as a result of such termination, expiration, reduction or modification and replacement.

For payment of the Purchase Price of any Bond required to be purchased as described above on the date specified, such Bond must be delivered, at or prior to 11:00 a.m., or such other time as set forth in the Tender Agreement, New York City time, on the date specified in such notice, to the Tender Agent at its principal office for delivery of Bonds, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or his duly authorized attorney, with such signature guaranteed by an institution which is a participant in the Securities Transfer Agents in Medallion Program (STAMP) or similar program. In the event any such Bond is delivered after 11:00 a.m. on such date, payment of the Purchase Price of such Bond need not be made until the Business Day following the date of delivery of such Bond, but such Bond shall nonetheless be deemed to have been purchased on the date specified in such notice and no interest shall accrue thereon after such date.

At the principal corporate trust office of the Registrar, in the manner and subject to the conditions provided in the Bond Ordinance, Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of authorized denominations and bearing interest at the same rate.

Redemptions. All redemptions will be made in funds immediately available on the redemption date at the redemption prices described below. Bonds tendered for purchase on a date after a notice for redemption but before the redemption date will be purchased pursuant to the tender.

(a) Optional Redemption of Bonds During Daily Interest Rate Period or Weekly Interest Rate Period. On any Interest Payment Date during a Daily Interest Rate Period or a Weekly Interest Rate Period, the Bonds shall be subject to optional redemption by the City, in whole or in part, at a redemption price of par, plus accrued interest to the date fixed for redemption.

(b) Optional Redemption During any Bond Interest Term. On the day succeeding the last day of any Bond Interest Term with respect to any Bonds, such Bonds shall be subject to optional redemption by the City, in whole or in part, at a redemption price of par, plus accrued interest to the date fixed for redemption.

(c) Optional Redemption During any Long-Term Interest Rate Period. During any Long-Term Interest Rate Period, the Bonds shall be subject to optional redemption by the City, at the redemption price of par, and thereafter, during the periods specified below or, if approved by Bond Counsel as provided in the Bond Ordinance, during the periods specified in the notice of the City to the Registrar pursuant to the Bond Ordinance, in whole or in part at any time, at the redemption prices (expressed as a percentage of principal amount) hereinafter indicated or specified in the notice of the City to the Registrar, plus accrued interest, if any, to the redemption date:

<u>Length of Long-Term Interest Rate Period (expressed in years)</u>	<u>Redemption Prices</u>
Greater than 15	after 10 years at 101%, declining after one year to 100%
less than or equal to 15 and greater than 10	after 7 years at 101%, declining after one year to 100%
less than or equal to 10 and greater than 7	after 5 years at 100%
less than or equal to 7 and greater than 4	after 3 years at 100%
less than or equal to 4	after 2 years at 100%

(d) Optional Redemption of Bank Bonds. Bank Bonds shall be subject to optional redemption by the City, in whole or in part, on any Business Day, upon one Business Day's notice of redemption to the Liquidity Facility Provider or the Credit Provider, as applicable, and the Paying Agent, unless a longer notice period is required by the Liquidity Facility or the Credit Facility Provider Agreement, as applicable, then in effect, at a redemption price of 100% of the principal amount of the Bank Bonds to be redeemed plus accrued interest, if any, to, but not including, the redemption date.

(e) Mandatory Sinking Fund Redemption. The Bonds are subject to mandatory sinking fund redemption prior to maturity in part by lot on each June 1 in the years and in the principal amounts shown below and shall be redeemed (to the extent not previously redeemed) at 100% of the principal amount plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
	\$

*

* Maturity

The City shall receive a credit in such order as the City determines and directs the Paying Agent against amounts to be paid as sinking fund installments for any Bonds, as have been previously, optionally redeemed.

(f) Mandatory Redemption of Bank Bonds. The City shall redeem any Bank Bonds acquired by the Credit Provider pursuant to the Credit Facility Provider Agreement. Accrued interest payable on such Bank Bonds to be redeemed shall be paid at the Bank Bond Rate and otherwise in accordance with the Credit Facility Provider Agreement.

At least thirty (30) days but not more than sixty (60) days prior to the redemption date of any Bonds to be redeemed, whether such redemption is in whole or in part, the Registrar shall cause a notice of any such redemption to be mailed, first class, postage prepaid, to all Holders of Bonds to

be redeemed in whole or in part, provided that failure to mail any such notice to any Holder or any defect in such notice shall not affect the validity of the proceedings for such redemption as to the Bonds of any other Holder to whom such notice has been properly given. The Registrar shall also mail such notice of redemption to three securities depositories and four national information services which disseminate redemption information, but failure to mail such notice shall not affect the validity of any proceedings for the redemption of any Bonds. On the date designated for redemption, notice having been given as aforesaid, the Bonds or portions thereof so called for redemption shall become due and payable at the redemption price provided for the redemption of such Bonds or such portions thereof on such date plus accrued interest to such date.

If less than all the Bonds are called for redemption, the Registrar shall select for redemption, first, any Bank Bonds, second, any Bonds registered in the name of the City, and third, the remaining Bonds or portions thereof to be redeemed by lot or in such other manner as it shall deem fair and equitable; provided, however, that the remaining Bonds that have not been so called for redemption shall be in Authorized Denominations; and provided, further, with respect to the second and third priority above, that so long as the only Holder of the Bonds is Cede & Co., such selection shall be made by DTC (as defined herein).

The Depository Trust Company, New York, New York ("DTC") initially will act as Depository for the Bonds. The ownership of one fully registered Bond in the aggregate principal amount of the Bonds will be registered in the name of Cede & Co., as nominee of DTC. Such Bond will be held in trust until its redemption or until such time as DTC or its nominee is no longer the registered owner of the Bonds. So long as Cede & Co. is the Holder of the Bonds, as nominee of DTC, references herein to the Bondholders or registered owners of the Bonds, shall mean Cede & Co. and shall not mean the Beneficial Holders of the Bonds. In the event that the Book-Entry System through DTC (or a successor securities depository) is discontinued as provided in the Bond Ordinance and the Beneficial Holders become Holders of the Bonds, the provisions applicable to such Holders, as set forth herein and in the Bond Ordinance, will apply. In the event that a Book-Entry System is reinstated after discontinuance, Holders will not be able to register the transfer of or tender their Bonds without first registering such Bonds in the Book-Entry System.

The City, the Paying Agent, the Tender Agent, the Paying Agent and the Registrar may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purpose of payment of the principal of or interest or premium, if any, or Purchase Price on the Bonds, giving any notice permitted or required to be given to Bondholders under the Bond Ordinance, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and shall not be affected by any notice to the contrary. The City, the Paying Agent, the Registrar, and the Tender Agent shall not have any responsibility or obligation to any Direct Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Direct Participant, or any other person which is not shown on the registration books of the City (kept by the Registrar) as being a Bondholder, with respect to: the accuracy of any records maintained by DTC or any Direct Participant; the payment by DTC or any Direct Participant of any amount in respect of the principal of or interest or premium, if any, or Purchase Price on the Bonds; any notice which is permitted or required to be given to Bondholders thereunder or under the conditions to transfers or exchanges adopted by the City or the Registrar; or any consent given or other action taken by DTC as a Bondholder.

The Holder of this Bond may be treated by the City, the Paying Agent, the Tender Agent,

the Registrar and the Paying Agent as the owner of this Bond for all purposes.

If the City shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds the principal, premium, if any, and interest due or to become due thereon, at the times and in the manner stipulated in the Bond Ordinance, then the pledge of Net Revenues and all covenants, agreements, and other obligations of the City to the Holders of Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

This Bond is transferable, as provided in the Bond Ordinance, only upon the books of the City kept for that purpose at the principal office of the Registrar by the registered owner in person or by his duly authorized attorney upon surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. Thereupon a new fully registered Bond or Bonds of the same aggregate principal amount, rate of interest and maturity shall be issued to the transferee in exchange therefor as provided in the Bond Ordinance. The City, the Registrar and the Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal or redemption premium, if any, hereof and interest due hereon and for all other purposes.

To the extent and in the manner permitted by the terms of the Bond Ordinance, the provisions of this Bond or of the Bond Ordinance, or any ordinance amendatory thereof or supplemental thereto, may be amended or modified by the City with the written consent of the holders of at least sixty-six and two-thirds percent (66-2/3%) in principal amount of the Bonds then outstanding under the Bond Ordinance (including the Bond of the series of which this Bond is one); provided, that no such amendment or modification shall permit a change in the date of maturity of any installment of principal hereof or date of optional or mandatory redemption of any Bond or the date of payment of interest thereon or a reduction in the principal amount or redemption price thereof or rate of interest thereon without the consent of the holder of each such Bond affected thereby, or shall reduce the percentage of the principal amount of Bonds, the consent of the holders of which is required by the Bond Ordinance to effect such an amendment or modification.

Under the laws of the State of South Carolina, this Bond and the interest hereon are exempt from all State, City, municipal, school district and all other taxes or assessments, except estate or other transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and statutes of the State of South Carolina to exist, to happen and to be performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law; that the series of which this Bond is a part does not exceed any constitutional or statutory limitation of indebtedness; and that provision has been made for the payment of the principal of and interest on this Bond and the series of which it is a part, as provided in the Bond Ordinance.

IN WITNESS WHEREOF, the City of Columbia, South Carolina, has caused this Bond to be executed in its name by the facsimile signature of the Mayor of the City and attested by the facsimile signature of the Clerk of the City under the seal of the City impressed, imprinted or reproduced hereon.

CITY OF COLUMBIA, SOUTH CAROLINA

By: _____
Mayor

(SEAL)

ATTEST:

Clerk

(FORM OF REGISTRAR'S CERTIFICATE OF AUTHENTICATION)

This Bond is one of the Bonds described in the within-mentioned Seventh Supplemental Ordinance of the City of Columbia, South Carolina.

Registrar

Dated: _____

By: _____

Authorized Officer

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name and Address of Transferee)

the within Bond and does hereby irrevocably constitute and appoint attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

(Authorized Officer)

Notice: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agents Medallion Program ("STAMP") or similar program.

Notice: The signature to the assignment must correspond with the name of the registered holder as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common

UNIF GIFT MIN ACT -

TEN ENT - as tenants by the entireties

_____ Custodian _____
(Cust) (Minor)

JT TEN - as joint tenants with right of survivorship and not as tenants in common

under Uniform Gifts to Minors Act _____
(State)

Additional abbreviations may also be used though not in above list.

CERTIFICATE

IT IS HEREBY CERTIFIED that the following is a true and correct copy of the complete legal opinion (except for date, letterhead and signature) of McNair Law Firm, P.A., Columbia, South Carolina, the original of which was manually executed, dated and issued as of the date of the delivery of and payment for the bonds, and a copy of which is on file with the City of Columbia, South Carolina.

CITY OF COLUMBIA, SOUTH CAROLINA

By: _____
Clerk

EXHIBIT B

FORM OF BOND PURCHASE AGREEMENT

[S105,000,000]
CITY OF COLUMBIA, SOUTH CAROLINA
WATERWORKS AND SEWER SYSTEM REVENUE BONDS
SERIES 2009

PURCHASE CONTRACT

[PRICING DATE], 2009

Mayor and Members of City Council
City of Columbia
1225 Laurel Street
Columbia, South Carolina 29201

The undersigned, Morgan, Keegan & Company, Inc., on behalf of itself and as representative of Grigsby & Associates, Inc., as the Underwriter ("Underwriter"), offers to enter into this Purchase Contract with the City of Columbia, South Carolina ("City"), which, upon the acceptance of this offer and the execution of this Purchase Contract by the City, shall be in full force and effect in accordance with its terms and shall be binding upon the City and the Underwriter. This offer is made subject to your acceptance of this Purchase Contract on or before 5 p.m. local time, on [PRICING DATE], 2009, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to your office at any time prior to the acceptance hereof by you. All terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Official Statement or the Ordinance (as hereinafter defined).

1. Upon the terms and conditions and upon the basis of the representations and warranties hereinafter set forth, the Underwriter hereby agrees to purchase from the City [S105,000,000] aggregate principal amount of the City's Waterworks and Sewer System Revenue Bonds, Series 2009 ("Bonds"), and the City hereby agrees to sell to the Underwriter all (but not less than all) of the Bonds. The purchase price for the Bonds shall be \$_____ (representing the par amount of the Bonds less an Underwriter's discount of \$_____, plus original issue premium of \$_____). The Underwriter may change the offering prices of the Bonds at any time and from time to time.

2. The Bonds shall be authorized and issued pursuant to the following: (i) Title 6, Chapter 17 of the Code of Laws of South Carolina 1976, as amended ("Enabling Act"); (ii) General Bond Ordinance No. 93-43 enacted by the City Council of the City ("City Council") on May 21, 1993 ("Bond Ordinance"); (iii) Fifth Supplemental Ordinance No. 2007-72 enacted by the City Council on September 19, 2007 ("Fifth Supplemental Ordinance"); and (iv) Seventh Supplemental Ordinance No. 2009-__ enacted by the City Council on [DATE], 2009 ("Seventh Supplemental Ordinance," and together with the Bond Ordinance, Fifth Supplemental Ordinance and Seventh Supplemental Ordinance and any other ordinances amendatory thereof or supplemental thereto are referred to as the "Ordinance"). Proceeds of the Bonds together with certain funds of the City will be used (i) to construct capital improvements to the City's Waterworks and Sewer System ("System"); and (ii) to pay the costs incurred in connection with the issuance of the Bonds. The Bonds shall mature on such dates and in such principal amounts, shall bear interest at such rates, shall be reoffered at the prices and shall be subject to optional and mandatory redemption, all as set forth in Exhibit A attached hereto and made a part hereof. The Depository Trust Company ("DTC") shall act as securities depository for the Bonds, which shall be issued in book-entry form.

Payment of the Bonds will be secured by a pledge of the Net Revenues derived by the City from the System on a parity with the pledges thereof securing the Bonds of 1993, the Bonds of 1999, the Bonds of 2001 and the Bonds of 2005.

3. The City has previously provided to the Underwriter copies of the Preliminary Official Statement with respect to the Bonds dated [POS DATE], 2009 ("Preliminary Official Statement"). As of its date, the Preliminary Official Statement has been "deemed final" by the City for purposes of Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934. Within seven business days of the date hereof and, in any event, in sufficient time to accompany confirmations requesting payment from customers, the City agrees to supply to the Underwriter a final Official Statement executed by the City ("Official Statement") and in a sufficient quantity to comply with Rule 15c2-12(b)(1) and the rules of the Municipal Securities Rulemaking Board. The City hereby consents to and ratifies the use by the Underwriter of the Official Statement in connection with the public offering of the Bonds. The Underwriter agrees that it will not confirm the sale of any Bonds unless the confirmation of sale is accompanied or preceded by the delivery of a copy of the final Official Statement pursuant to the rules of the Municipal Securities Rulemaking Board and that any supplement or amendment to the Official Statement also shall be delivered to the initial purchasers of any Bonds.

4. The Underwriter intends to make an initial bona fide public offering of all the Bonds at not in excess of the public offering price or prices (or yield or yields) set forth on the cover of the Official Statement and may subsequently change such offering price or prices (or yield or yields) without any requirement of prior notice to the City. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others, as stated in Paragraph 1 above, at prices lower than the public offering price or prices stated on the cover of the Official Statement.

5. The City hereby represents and warrants to the Underwriter that:

(a) The City is a public body corporate and politic existing under the laws of the State of South Carolina.

(b) The City is authorized by the laws of the State of South Carolina, including particularly the Enabling Act, to enact the Ordinance, to issue the Bonds, to enter into this Purchase Contract and to secure the Bonds in the manner contemplated by the Ordinance.

(c) The City has full power and authority to consummate the transactions contemplated by this Purchase Contract, the Bonds, the Ordinance, the Official Statement and as otherwise set forth herein.

(d) The City has duly approved and authorized the distribution and use of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement; the City has delivered the Preliminary Official Statement to the Underwriter, and the City deems the Preliminary Official Statement to be final for the purpose of SEC Rule 15c2-12(b)(1) except for the offering prices, interest rates, selling commissions, principal amount per maturity, optional redemption provisions, sources and uses of funds and delivery dates of the Bonds; the Official Statement will be a final official statement as such term is defined in Rule 15c2-12(b)(1), as of its date; and nothing has come to the City's attention which would lead it to believe that (i) except for the offering prices, interest rates, selling commissions, principal amount per maturity, optional redemption provisions, sources and uses of funds and delivery date of the Bonds, the information contained in the Preliminary Official Statement is not true and correct or contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made in the Preliminary Official Statement, in light of the circumstances

under which they were made, not misleading; and (ii) the information to be contained in the Official Statement will not be materially true and correct or will contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made in the Official Statement, in light of the circumstances under which they were made, not misleading.

(e) The City has duly enacted the Ordinance and duly authorized all necessary action to be taken by it for: (i) the issuance and sale of the Bonds upon the terms set forth herein, in the Ordinance and in the Official Statement; (ii) the approval of the Official Statement and the execution of the Official Statement by a duly authorized officer; (iii) the application of the proceeds of the Bonds for the purposes described in the Official Statement; and (iv) the execution, delivery and receipt of this Purchase Contract, the Bonds and any and all such other agreements and documents as may be required to be executed, delivered, and received by the City in order to carry out, give effect to, and consummate the transactions contemplated hereby and by the Official Statement.

(f) The Bonds, when issued, delivered and paid for as herein and in the Ordinance provided, will have been duly authorized, executed, issued and delivered and will constitute special obligations of the City entitled to the benefits and security of the Ordinance. The Bonds and the interest thereon do not constitute an indebtedness of the City within the meaning of any provision, limitation or restriction of the South Carolina Constitution (other than Article X, Section 14, Paragraph 10 of the South Carolina Constitution authorizing indebtedness payable solely from a revenue-producing project not involving revenues from any tax or license) or the laws of the State of South Carolina and are payable by the City solely from the Net Revenues of the System.

(g) The City, immediately after the Closing, will apply the proceeds from the sale of the Bonds as specified in the Ordinance and as more fully described in the certificates delivered at the Closing. The City will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner other than as provided in the Ordinance or which would cause the interest on the Bonds to be includable in gross income for federal income tax purposes.

(h) Except as stated in the Official Statement, there is no action, suit, hearing, proceeding, inquiry or investigation at law or in equity or before or by any court, public board, agency or body pending or, to the best of the City's knowledge, threatened against or directly affecting the City (nor, to the knowledge of the City, any meritorious basis therefor) contesting the due organization and valid existence of the City or wherein an unfavorable decision, ruling or finding would, in any way, adversely affect (i) the transactions contemplated hereby or by the Official Statement or the validity or due enactment of the Ordinance or the validity, due authorization and execution of the Bonds, this Purchase Contract or any agreement or instrument to which the City is a party and which is used or contemplated hereby or by the Official Statement, (ii) the federal tax-exempt status of the interest on the Bonds, (iii) the exemption of interest on the Bonds from taxation in South Carolina as described in Paragraph 5(j) below, (iv) the organization, existence or powers of the City or the title of the Mayor or any of the members of the City Council or any officers of the City, or (v) the business, properties or assets or the condition, financial or otherwise, of the City.

(i) The execution and delivery by the City of the Official Statement, this Purchase Contract and the other documents contemplated hereby and by the Official Statement, and the enactment of the Ordinance and compliance with the provisions thereof do not and will not conflict with or constitute on the part of the City a breach of or a default under any existing law, court or administrative regulation, decree, order or any agreement, indenture, mortgage or lease by which it is or, on the date of Closing, will

be bound, and this Purchase Contract constitutes a legally binding obligation of the City enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

(j) There is no legislation enacted or, to the best of the City's knowledge, pending, the effect of which would be to remove the exemption of the interest on the Bonds from any taxation under the laws of South Carolina, except inheritance or other transfer taxes and certain franchise taxes.

(k) The City has not been notified of any listing or proposed listing of disqualification by the Internal Revenue Service to the effect that the City is a bond issuer that may not certify its bonds.

(l) If, between the date of this Purchase Contract and the Termination of the Disclosure Period (hereinafter defined), any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City shall notify the Underwriter thereof, and, if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will at its own expense forthwith prepare and furnish to the Underwriter (1) a sufficient number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will supplement or amend the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at such time, not misleading, and (2) if such notification shall be subsequent to the Closing, such legal opinion, certification, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

For purposes of this Purchase Contract:

(i) The "Termination of the Disclosure Period" shall mean the later of (1) the earlier of (x) the ninetieth day following the End of the Underwriting Period (as defined in subparagraph (ii) below) and (y) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, and (2) the twenty-fifth day following the End of the Underwriting Period; and

(ii) The "End of the Underwriting Period" shall mean the later of (1) the Closing Date, unless the City has been notified in writing by the Underwriter on or prior to the Closing Date that the "End of the Underwriting Period" for purposes of Rule 15c2-12 will not occur on the Closing Date and (2) the date on which notice is given to the City by the Underwriter in accordance with the following sentence. In the event that the Underwriter has given notice to the City pursuant to clause (1) of this subparagraph (ii) that the "End of the Underwriting Period" will not occur on the Closing Date, the Underwriter agrees to notify the City in writing as soon as practicable of the "End of the Underwriting Period" for purposes of Rule 15c2-12.

(m) Between the time of the City's acceptance hereof and the Closing, the City will not have executed or issued any bonds or notes or incurred any other obligations for borrowed money payable from, or secured by a pledge of, the Net Revenues of the System on a parity with the pledge thereof

securing the Bonds, and there will not have been any adverse change of a material nature in the financial position, method of operation, or personnel of the System.

6. At 10:00 a.m., local time, on [CLOSING DATE], 2009, or at such other time or such other date as shall have been agreed upon by the City and Underwriter, the City will deliver, or cause to be delivered, to the Underwriter the Bonds, in fully registered form, together with the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price of the Bonds to the City in Federal or other immediately available funds. Time shall be of the essence, and delivery at the time and place specified pursuant to this Purchase Contract is a further condition to the obligations of the Underwriter hereunder.

Payment and delivery of the Bonds as aforesaid shall be made at the offices of the City, or at such other place as the City and the Underwriter agree upon, provided, however, that the Bonds will be physically delivered to DTC in New York, New York, or pursuant to arrangements with DTC, to U.S. Bank National Association, as registrar ("Registrar") under the terms of a "FAST" closing. Such payment and delivery is herein called the "Closing." The Bonds will be delivered as fully registered Bonds in book-entry form, in the form of one certificate per maturity and registered in the name of "Cede & Co." At the direction of the City, the Registrar shall release or authorize the release of the Bonds at the Closing to the Underwriter upon receipt of payment for the Bonds as aforesaid. In addition, the City and the Underwriter agree that there shall be a preliminary closing on [PRECLOSING DATE], 2009 or on such other date agreed upon by the City and the Underwriter.

7. The Underwriter's obligation to purchase the Bonds at the Closing is subject to the following conditions which must be performed in a timely fashion as set forth herein: (i) the performance by the City of its obligations to be performed hereunder and (ii) the following conditions, including the delivery by the City of such documents as are enumerated herein in form and substance reasonably satisfactory to the Underwriter:

(a) At the time of Closing, (i) the Official Statement shall not have been amended, modified or supplemented except as may be agreed to by the Underwriter, and the Ordinance shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, (ii) the proceeds of the sale of the Bonds shall be applied as described in the Official Statement, (iii) all official action of the City related to the Bonds shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, and (iv) the City shall have duly enacted and there shall be in full force and effect such proceedings as, in the opinion of the McNair Law Firm, P.A. and [Co-Bond Counsel] ("Co-Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby.

(b) The Underwriter shall have the right to cancel its obligation to purchase the Bonds (and such cancellation shall not constitute a default hereunder by the Underwriter) if between the date hereof and the Closing:

(i) legislation shall be enacted or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of Congress by any committee of such House to which legislation has been referred for consideration, or a tentative decision with respect to legislation shall be reached by a committee of either House of Congress, or a committee of either House of Congress shall have pending before it legislation (other than such legislation known as of the date hereof to be pending or to have been introduced), or a decision by a court of the United States or

the United States Tax Court shall be rendered, or a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed to be made with respect to federal taxation upon revenues of the general character to be derived by the City under the Ordinance or by any similar body, or upon interest on obligations of the general character of the Bonds, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of interest on the Bonds, materially adversely affecting the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, or

(ii) there shall exist any event which in the Underwriter's reasonable judgment either (A) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (B) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect, or

(iii) there shall have occurred any new outbreak or escalation of hostilities or any national or international calamity or crisis including financial crisis, the effect of such outbreak, escalation, calamity or crisis on the financial markets of the United States being such as in the reasonable judgment of the Underwriter would affect materially and adversely the ability of the Underwriter to market the Bonds or to enforce contracts for the sale of the Bonds or a financial crisis or a default with respect to the debt obligations of, or the institution of proceedings under the federal or the State bankruptcy laws by or against the State of South Carolina or any agency, instrumentality, or political subdivision of such State, which, in the reasonable judgment of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds or to enforce contracts for the sale of the Bonds, or

(iv) there shall be in force a general suspension of trading on the New York Stock Exchange, or

(v) a general banking moratorium shall be declared by either federal, South Carolina or New York authorities, or

(vi) legislation shall be enacted or any action shall be taken by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter to the effect that the issuance, offering or sale of the Bonds, including all underlying obligations, or of obligations of the general character of the Bonds as contemplated hereby, is in violation or would be in violation of any provision of the federal securities laws, the Securities Act of 1933, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect, or

(vii) any state "blue sky" or securities commission shall have withheld registration, exemption or clearance of the offering, and in the reasonable judgment of the Underwriter, the market for the Bonds is materially affected thereby, or

(viii) any rating of the Bonds, the Credit Provider or the rating of any class of security of the City shall have been downgraded or withdrawn by a national rating

service, which, in the Underwriter's opinion, materially adversely affects the market price of the Bonds, or

(ix) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange.

(c) At the time of Closing, the City shall have duly adopted all proceedings required by the Enabling Act and all other applicable laws and regulations, State or federal, necessary to enable Co-Bond Counsel to deliver an unqualified opinion with respect to due authorization, execution and delivery of the Bonds.

(d) The Underwriter shall have received, within a sufficient time period for such final Official Statements to accompany confirmations delivered by the Underwriter to potential investors in accordance with the Rules of the Municipal Securities Rulemaking Board but in no event later than seven business days following the date hereof, a quantity of Official Statements adequate to enable the Underwriter to meet the continuing obligations imposed on it by Rule 15c2-12 under the Securities Exchange Act of 1934, as amended; provided, however, that the Underwriter may not terminate its obligations under this Purchase Contract as a result of the failure of this condition to be met unless such failure affects the Underwriter's marketing and sale of the Bonds or subjects the Underwriter to compliance infractions under the Securities and Exchange Commission or the Municipal Securities Rulemaking Board delivery requirements.

(e) At or prior to the Closing, the Underwriter shall receive one executed original of the following documents, unless otherwise indicated:

(i)(A) the unqualified approving opinions of Co-Bond Counsel each dated the date of Closing, addressed to the City in substantially the forms of Appendix "D" of the Official Statement, and (B) supplemental opinions of Co-Bond Counsel, each dated the date of Closing and addressed to the Underwriter, in substantially the forms set forth in Exhibit B attached hereto;

(ii) a certificate of the City, dated the date of Closing signed by an official of the City, in substantially the form attached hereto as Exhibit C;

(iii) a specimen of the Bonds;

(iv) an opinion of Kenneth E. Gaines, Esquire, Counsel to the City, addressed to the City and the Underwriter, dated the date of Closing in substantially the form attached hereto as Exhibit D;

(v) evidence satisfactory to the Underwriter that the Bonds have been rated "[MOODY'S RATING]" by Moody's Investors Service, Inc. ("Moody's") and "[S&P RATING]" by Standard & Poor's ("Standard & Poor's");

(vi) a certified copy of the Ordinance;

(vii) a copy of the Official Statement executed on behalf of the City by a duly authorized official of the City;

(viii) an executed copy of the Disclosure Dissemination Agent Agreement dated the date of Closing, between the City and Digital Assurance Certification, L.L.C.;

(ix) a consent letter from Webster Rogers LLP, addressed to the City and the Underwriter in substantially the form attached hereto as Exhibit E;

(x) the opinions of Parker Poe Adams & Bernstein LLP and the Starkes Law Firm, Co-Counsel to the Underwriter, addressed to the Underwriter and dated the date of Closing in substantially the forms attached hereto as Exhibit F;

(xi) the opinion of Nixon Peabody as counsel to the Bank, addressed to the Underwriter and dated the date of Closing in substantially the form attached hereto as Exhibit G;

(xi) a copy of the Letter of Credit; and

(xii) other certificates of the City or information of the City contained in certificates listed in the Closing Memorandum to be approved by counsel to the City and Co-Bond Counsel, and such additional opinions, as Co-Bond Counsel may reasonably request to evidence (A) compliance by the City with legal requirements, (B) the truth and accuracy, as of the time of Closing, of the respective representations of the City contained herein and (C) the due performance or satisfaction by the City at or prior to such time, of all agreements then to be performed and of all conditions then to be satisfied by the City.

If the City shall be unable to satisfy the conditions or the obligations contained in this Purchase Contract, or if the obligation of the Underwriter to purchase and accept delivery of the Bonds shall be terminated for any reason permitted by this Purchase Contract or, at the election of the City, if the Closing shall not occur by the end of business on [CLOSING DATE], 2009, this Purchase Contract shall terminate and neither the Underwriter nor the City shall be under further obligation hereunder; except that the respective obligations to pay expenses to the extent applicable, as provided in Paragraph 13 hereof, shall continue in full force and effect.

The delivery of any certificate that is required to be delivered in accordance with this Purchase Contract shall be deemed to have been made if the terms of that certificate are included to the satisfaction of the Underwriter within any one certificate or any number of other certificates delivered or caused to be delivered by the party responsible for delivery.

8. At the Closing, contemporaneously with the receipt of the Bonds, the Underwriter will deliver to the City a receipt therefore and a certificate as to issue price of the Bonds, in forms satisfactory to Co-Bond Counsel, signed by the Underwriter.

9. The City will furnish to the Underwriter a reasonable supply of copies of the opinions of Co-Bond Counsel to accompany delivery of the Bonds.

10. The City agrees to furnish to the Underwriter, during the life of the outstanding Bonds, a copy of each annual audit report for the System issued by the City from time to time.

11. The obligations of the City hereunder are subject to the performance by the Underwriter of its obligations hereunder.

12. All representations, warranties and agreements of the City hereunder shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter and shall survive delivery and payment of the Bonds.

13. If the Bonds are sold to the Underwriter by the City, the City shall pay, out of the proceeds of the Bonds, any expenses incident to the performance of its obligations hereunder including but not limited to: (a) the costs of the preparation of the Preliminary Official Statement and final Official Statement for the Bonds, including the costs of all proofs and production of final proof, together with the number of copies which the Underwriter deems reasonable and the costs of delivery of the Preliminary Official Statement and final Official Statement; (b) the cost of the preparation, printing and delivery of the Bonds in fully-registered form; (c) the fees and disbursements of Co-Bond Counsel, Underwriter's Counsel and any other experts or consultants retained by the City, including the City's Counsel, independent engineers, accountants, consultants and the charges of Standard & Poor's and Moody's; (d) fees and costs of the Registrar and custodian of the Construction Fund of 2009; and (e) the premium for and Reserve Policy.

The Underwriter shall pay (a) all advertising expenses in connection with the public offering of the Bonds; (b) all expenses incurred by it in connection with its public offering and distribution of the Bonds, including, but not limited to, the fees and disbursements of any counsel retained by them (other than fees and disbursements of Underwriter's Counsel described in paragraph 13); and (c) the cost of preparing and printing the blue sky and legal investment memoranda and the disbursements for filing fees in connection with the aforesaid blue sky and legal investment memoranda.

14. The City agrees:

(a) To deliver promptly to the Underwriter such number of conformed copies of the Official Statement (and any amended or supplemented Official Statement) and the Ordinance as the Underwriter may reasonably request;

(b) Not to supplement or amend, or cause to be supplemented or amended, the Official Statement or the Ordinance, without the prior written consent of the Underwriter;

(c) During the distribution of the Bonds, or such longer period as a copy of the Official Statement shall be required by the rules of the Municipal Securities Rulemaking Board to be delivered to a purchaser of Bonds, to prepare any amendment or supplement to the Official Statement that may, in the judgment of the City or the Underwriter, be required so that the Official Statement as amended or supplemented will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(d) To advise the Underwriter immediately of receipt by the City of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(e) To cooperate with the Underwriter including furnishing such information, executing such instruments and taking such other action in cooperation with the Underwriter as may be required to

qualify the Bonds for offering and sale under the "blue sky" or other laws of such jurisdictions as the Underwriter may designate; provided that in connection with such qualification the City shall not be obligated to take any action that would subject it to the general service of process in any state where it is not now subject;

(f) Not to take or omit to take any action which action or omission will adversely effect the exemption from federal income taxation of interest on the Bonds under the Internal Revenue Code of 1986, as amended; and

(g) Not to take or omit to take any action which action or omission will in any way cause the proceeds of the Bonds to be applied in a manner contrary to that provided in the Ordinance.

15. Any notice or other communication to be given to the City under this Purchase Contract may be given by delivering the same in writing at its address set forth above, and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to Morgan Keegan & Company, Inc., [CONTACT INFO], ATTENTION: George Pugh.

16. This Purchase Contract is made solely for the benefit of the City and the Underwriter (including any successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof, except that the representation, warranties, and agreements of the City contained in this Purchase Contract shall also be deemed to be for the benefit of the person or persons, if any, who control the Underwriter within the meaning of Section 15 of the Securities Act of 1933 or Section 20 of the Securities Exchange Act of 1934. Nothing in this Purchase Contract is intended or shall be construed to give any person, other than the persons referred to in this paragraph, any legal or equitable right, remedy or claim under or in respect of this Purchase Contract or any provision contained herein. All of the representations, warranties and agreements of the City contained herein shall remain in full force and effect, regardless of (a) any investigation made by or on behalf of any Underwriter, (b) delivery of and payment for the City or (c) any termination of this Purchase Contract.

17. This Purchase Contract shall be governed by and construed in accordance with the laws of the State of South Carolina.

18. This Purchase Contract shall become effective upon your acceptance hereof and may be executed in counterparts and such counterparts shall constitute one and the same instrument.

19. Neither the Mayor or members of the City Council, nor any officer, agent or employee as such, in his or her individual capacity, past, present or future of the City, either directly or through the City, shall be charged personally by the Underwriter with any liability, or held liable to such Underwriter under any term or provision of this Purchase Contract or because of its execution or contemplated execution, or because of any breach or attempted or alleged breach thereof. It is expressly agreed and understood that the obligations of the City under this Purchase Contract are solely corporate obligations and that no personal liability whatsoever shall attach to, or be incurred by, any past, present or future officer, agent or employee thereof. All personal liability of any character against every such past, present or future officer, agent and employee of the City is, by the execution of this Purchase Contract and as a condition of, and as part of the consideration for, the execution of this Purchase Contract, expressly waived and released. The immunity of the past, present or future officers, agents and employees of the City under the provision contained in this Section shall survive the termination of this Purchase Contract.

*PPAB DRAFT
8.3.09
VARIABLE RATE*

Very truly yours,

By: MORGAN KEEGAN & COMPANY, INC.

By: _____
Its:

**PPAB DRAFT
8.3.09
VARIABLE RATE**

Accepted and Agreed to as
of the date first above written.

CITY OF COLUMBIA, SOUTH CAROLINA

By: _____
Its: Mayor

The Bonds shall mature on the dates and bear interest at the rates and shall be reoffered at the prices as set forth below:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price*</u>
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[OPTIONAL REDEMPTION PROVISIONS]

[Date] __, 2009

Morgan Keegan & Company, Inc.
on behalf of itself and as representative of
Grigsby & Associates, Inc.
[ADDRESS]

Re: [\$105,000,000] Waterworks and Sewer System Revenue Bonds, Series 2009, of the City of Columbia, South Carolina

We have acted as bond counsel in connection with the issuance by the City of Columbia, South Carolina ("City") of its [\$105,000,000] original principal amount Waterworks and Sewer System Revenue Bonds, Series 2009 ("Bonds"). This opinion is being delivered to you pursuant to paragraph 7(e)(i)(B) of the Purchase Contract dated [PRICING DATE], 2009 ("Purchase Contract") between the City and you as the underwriter ("Underwriter"). Capitalized terms not otherwise defined herein shall have the meanings assigned such terms in the Purchase Contract.

Reference is made to our approving opinion ("Opinion") of even date herewith as bond counsel addressed to the City delivered in connection with the issuance of the Bonds. You are hereby authorized to rely upon the Opinion to the same extent as if the Opinion were specifically addressed to you, subject to the qualifications and considerations set forth in the Opinion.

In connection therewith, we have examined:

1. Title 6, Chapter 17 of the Code of Laws of South Carolina, 1976, as amended.
2. The Purchase Contract.
3. The Official Statement dated [PRICING DATE], 2009 ("Official Statement"), relating to the Bonds; provided, however, that we have not reviewed any electronic version of the Official Statement and assume that any such version is identical in all respects to the printed version.
4. The General Bond Ordinance No. 93-43 enacted by City Council ("City Council") of the City on May 21, 1993 ("General Ordinance"), the Fifth Supplemental Ordinance No. 2007-72 enacted by the City Council on September 19, 2007 ("Fifth Supplemental Ordinance") and the Seventh Supplemental Ordinance No. 2009-__ enacted by the City Council on [DATE], 2009 ("Seventh Supplemental Ordinance," and together with the General Ordinance, Fifth Supplemental Ordinance and Seventh Supplemental Ordinance are referred to as the "Ordinance").
5. The Disclosure Dissemination Agent Agreement of the City dated the date hereof ("Disclosure Agreement").

Based upon the foregoing and examinations of such other documents, and consideration of such matters of law as we have deemed appropriate to enable us to render this opinion, we are of the opinion that:

1. The Purchase Contract and the Disclosure Agreement, respectively, have been duly authorized, executed and delivered by the City.
2. The Official Statement has been duly authorized, approved and delivered by the City.

3. We have considered the information contained in the Official Statement under the headings entitled: "THE 2009 BONDS" (other than the information under "Book-Entry-Only System"); "SECURITY FOR THE 2009 BONDS"; and in Appendix C of the Official Statement entitled "Summary of Certain Provisions of the Ordinance" and, based upon our review, we are of the opinion that the statements or summaries under such headings are, to the extent indicated therein, accurate statements or summaries of the matters set forth or documents referred to therein, and fairly present the information purported to be shown, and the information under the heading "LEGAL MATTERS – Tax Exemption and Other Matters"; "– South Carolina Taxation"; and "– Premium Bonds" is true and correct in all material respects.

4. The Ordinance and the Bonds conform as the form and tenor with the terms and provisions thereof as set out in the Official Statement.

5. All conditions precedent to the delivery of the Bonds contained in the Ordinance have been fulfilled.

6. The Bonds are presently exempt from registration under the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification as an indenture under the Trust Indenture Act of 1939, as amended.

This opinion is rendered to and may be relied upon solely by the Underwriter and may not be relied upon by any other persons, firms or corporations.

The obligations of the City are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Yours very truly,

McNAIR LAW FIRM, P.A.

[Date] __, 2009

Morgan Keegan & Company, Inc.
on behalf of itself and as representative of
Grigsby & Associates, Inc.
[ADDRESS]

Re: [\$105,000,000] Waterworks and Sewer System Revenue Bonds, Series 2009, of the City of
Columbia, South Carolina

We have acted as bond counsel in connection with the issuance by the City of Columbia, South Carolina ("City") of its [\$105,000,000] original principal amount Waterworks and Sewer System Revenue Bonds, Series 2009 ("Bonds"). This opinion is being delivered to you pursuant to paragraph 7(e)(i)(B) of the Purchase Contract dated [PRICING DATE], 2009 ("Purchase Contract") between the City and you as the underwriter ("Underwriter"). Capitalized terms not otherwise defined herein shall have the meanings assigned such terms in the Purchase Contract.

Reference is made to our approving opinion ("Opinion") of even date herewith as bond counsel addressed to the City delivered in connection with the issuance of the Bonds. You are hereby authorized to rely upon the Opinion to the same extent as if the Opinion were specifically addressed to you, subject to the qualifications and considerations set forth in the Opinion.

In connection therewith, we have examined:

1. Title 6, Chapter 17 of the Code of Laws of South Carolina, 1976, as amended.
2. The Purchase Contract.
3. The Official Statement dated [PRICING DATE], 2009 ("Official Statement"), relating to the Bonds; provided, however, that we have not reviewed any electronic version of the Official Statement and assume that any such version is identical in all respects to the printed version.
4. The General Bond Ordinance No. 93-43 enacted by City Council ("City Council") of the City on May 21, 1993 ("General Ordinance"), the Fifth Supplemental Ordinance No. 2007-72 enacted by the City Council on September 19, 2007 ("Fifth Supplemental Ordinance") and the Seventh Supplemental Ordinance No. 2009-__ enacted by the City Council on [DATE], 2009 ("Seventh Supplemental Ordinance," and together with the General Ordinance, Fifth Supplemental Ordinance and Seventh Supplemental Ordinance are referred to as the "Ordinance").
5. The Disclosure Dissemination Agent Agreement of the City dated the date hereof ("Disclosure Agreement").

Based upon the foregoing and examinations of such other documents, and consideration of such matters of law as we have deemed appropriate to enable us to render this opinion, we are of the opinion that:

1. The Purchase Contract and the Disclosure Agreement, respectively, have been duly authorized, executed and delivered by the City.
2. The Official Statement has been duly authorized, approved and delivered by the City.

3. We have considered the information contained in the Official Statement under the headings entitled: "THE 2009 BONDS" (other than the information under "Book-Entry-Only System"); "SECURITY FOR THE 2009 BONDS"; and in Appendix C of the Official Statement entitled "Summary of Certain Provisions of the Ordinance" and, based upon our review, we are of the opinion that the statements or summaries under such headings are, to the extent indicated therein, accurate statements or summaries of the matters set forth or documents referred to therein, and fairly present the information purported to be shown.

4. The Ordinance and the Bonds conform as the form and tenor with the terms and provisions thereof as set out in the Official Statement.

5. All conditions precedent to the delivery of the Bonds contained in the Ordinance have been fulfilled.

6. The Bonds are presently exempt from registration under the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification as an indenture under the Trust Indenture Act of 1939, as amended.

This opinion is rendered to and may be relied upon solely by the Underwriter and may not be relied upon by any other persons, firms or corporations.

The obligations of the City are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Yours very truly,

[CO-BOND COUNSEL]

EXHIBIT C

GENERAL CERTIFICATE OF THE CITY OF COLUMBIA
REQUIRED BY SECTION 7(e)(ii) OF THE PURCHASE CONTRACT

Pursuant to Section 7(e)(ii) of the Purchase Contract dated [PRICING DATE], 2009 ("Purchase Contract"), between the City of Columbia, South Carolina ("City") and Morgan Keegan & Company, Inc., on behalf of itself and as representative of Grigsby & Associates, Inc., as underwriter ("Underwriter"), the undersigned authorized representative of the City hereby certifies as follows:

1. The representations and warranties of the City in the Purchase Contract dated as of [PRICING DATE], 2009, are true and correct in all material respects as of the date hereof.

2. There is no action, suit, hearing, proceeding, inquiry or investigation at law or in equity or before or by any court, public board, agency or body pending or, to the best of the City's knowledge, threatened against or directly affecting the City (nor, to the knowledge of the City, any meritorious basis therefor) contesting the due organization and valid existence of the City or wherein an unfavorable decision, ruling or finding would, in any way, materially adversely affect (A) the transactions contemplated by the Purchase Contract or the Official Statement dated [PRICING DATE], 2009 ("Official Statement"), relating to the [\$105,000,000] City of Columbia, South Carolina Waterworks and Sewer System Revenue Bonds, Series 2009 ("Bonds"), or the validity, due authorization and execution of the Purchase Contract, the Disclosure Dissemination Agent Agreement dated [CLOSING DATE], 2009, between the City and Digital Assurance Certification, L.L.C., or any agreement or instrument to which the City is a party or which is used or contemplated for use in the consummation of the transactions contemplated by the Purchase Contract or by the Official Statement, (B) the federal tax-exempt status of the interest component on the Bonds, (C) the exemption of the interest component on the Bonds from taxation as described in Paragraph 5(j) of the Purchase Contract, (D) the organization, existence or powers of the City or the title of the Mayor or any of the members of the City Council or any officers of the City except as set forth in the Official Statement, or (E) the business, properties or assets or the condition, financial or otherwise, of the City.

3. The information with respect to the City contained in the Preliminary Official Statement dated [POS DATE], 2009 ("Preliminary Official Statement"), relating to the Bonds, is, as of its date, true and correct in all material respects. The information with respect to the City contained in the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, and there has not been any material adverse change in the financial condition or operations of the City since the date of the Official Statement which has not been brought to the attention of the Underwriter in writing prior to the date hereof.

4. To the best of the knowledge and belief of the City, the City reasonably expects as of the date hereof that the proceeds of the Bonds will be used as provided in the Official Statement.

IN WITNESS WHEREOF, the undersigned has executed this Certificate in the name and on behalf of the City as of [CLOSING DATE], 2009.

CITY OF COLUMBIA, SOUTH CAROLINA

By: _____
City Manager

D-1

[Date] __, 2009

Morgan Keegan & Company, Inc.
on behalf of itself and as representative of
Grigsby & Associates, Inc.
[ADDRESS]

U.S. Bank National Association
[ADDRESS]

City of Columbia
Columbia, South Carolina

Re: [\$105,000,000] Waterworks and Sewer System Revenue Bonds, Series 2009, of the City of
Columbia, South Carolina

As counsel to the City of Columbia, South Carolina, a municipal corporation and political subdivision created pursuant to the laws of the State of South Carolina ("City"), I have considered the validity of the City's [\$105,000,000] original principal amount Waterworks and Sewer System Revenue Bonds, Series 2009 ("Bonds"). This opinion is being delivered to you pursuant to paragraph 7(e)(iv) of the Purchase Contract dated [PRICING DATE], 2009 ("Purchase Contract") between the City and you as the underwriter ("Underwriter"). Capitalized terms not otherwise defined herein shall have the meanings assigned such terms in the Purchase Contract.

In connection therewith, I have examined:

1. Title 6, Chapter 17 of the Code of Laws of South Carolina, 1976, as amended;
2. The Purchase Contract;
3. The Official Statement dated [PRICING DATE], 2009 ("Official Statement"), relating to the Bonds;
4. The General Bond Ordinance No. 93-43 enacted by City Council ("City Council") of the City on May 21, 1993 ("General Ordinance"), the Fifth Supplemental Ordinance No. 2007-72 enacted by the City Council on September 19, 2007 ("Fifth Supplemental Ordinance") and the Seventh Supplemental Ordinance No. 2009-__ enacted by the City Council on [DATE], 2009 ("Seventh Supplemental Ordinance," and together with the General Ordinance, Fifth Supplemental Ordinance and Seventh Supplemental Ordinance are referred to as the "Ordinance");
5. The Disclosure Dissemination Agent Agreement of the City dated the date hereof ("Disclosure Agreement"); and
6. Such other documents and instruments and proceedings of the City as I have deemed relevant.

As to questions of fact material to my opinion, I have relied upon representations and other certifications of officials of the City without undertaking to verify the same by independent investigation.

Based on the foregoing, I am of the opinion that as of this date:

1. The City is a political subdivision, duly created, validly existing and in good standing under the Constitution and laws of the State of South Carolina, and has all requisite power and authority (i) to enact and implement the Ordinance and to issue, sell and deliver the Bonds and (ii) to conduct its business as currently being conducted and as proposed to be conducted and as described in the Official Statement and to carry out the transactions contemplated by the Purchase Contract and the Official Statement.

2. Under the Constitution and laws of the State of South Carolina, the Purchase Contract has on the part of the City been duly executed and delivered by the City.

3. The City has taken all action legally required of it to enact and to implement the Ordinance and to authorize the issuance, sale and delivery of the Bonds.

4. To the best of my knowledge and after due inquiry, the City is not in default in any material respect under any material agreement or other instrument to which it is a party or by which it may be bound.

5. There are no consents, approvals or authorizations of any State of South Carolina or local governmental authority required on the part of the City in connection with the enactment and implementation of the Ordinance and the execution and delivery of the Purchase Contract.

6. To the best of my knowledge and after due inquiry and except as disclosed in the Official Statement, there are no proceedings or investigations pending or threatened against the City in any court or before any governmental authority or arbitration board or tribunal, nor to the best of our knowledge is there any basis therefor, wherein an unfavorable decision, ruling or finding would in any way materially and adversely affect the transactions contemplated by the Purchase Contract and the Official Statement or which, in any way, would adversely affect the validity and enforceability of the Bonds, or any agreement or instrument to which the City is a party and which is used or contemplated by the foregoing.

7. To the best of my knowledge and after due inquiry, the City in all material respects has good and proper title to the System as described in the Official Statement.

8. None of the proceedings held or actions taken by the City with respect to the Ordinance, Purchase Contract, Disclosure Agreement or the Bonds have been repealed, rescinded or revoked.

Very truly yours,

Kenneth E. Gaines
City Attorney

CONSENT LETTER FROM ACCOUNTANTS

The Honorable Mayor and Members of City Council
City of Columbia
Columbia, South Carolina

Morgan Keegan & Company, Inc.
on behalf of itself and as representative of
Grigsby & Associates, Inc.
[ADDRESS]

We consent to the inclusion of our report dated [DATE], 2009 related to the City of Columbia's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008, in the Preliminary Official Statement dated [POS DATE], 2009 and the Official Statement dated [PRICING DATE], 2009 for the City of Columbia, South Carolina, Waterworks and Sewer System Revenue Bonds, Series 2009.

WEBSTER ROGERS LLP

Columbia, South Carolina
[CLOSING DATE], 2009

EXHIBIT F

[CLOSING DATE], 2009

Morgan Keegan & Company, Inc.
on behalf of itself and as representative of
Grigsby & Associates, Inc.
[ADDRESS]

Re: [\$105,000,000] City of Columbia, South Carolina Waterworks and Sewer System
Revenue Bonds, Series 2009

Gentlemen:

We have acted as counsel to Morgan Keegan & Company, Inc. on behalf of itself and as representative of Grigsby & Associates, Inc., as the underwriter ("Underwriter") in connection with your purchase of [\$105,000,000] aggregate principal amount of City of Columbia, South Carolina Waterworks and Sewer System Revenue Bonds, Series 2009 ("Bonds"). The Bonds are being issued pursuant to a bond ordinance enacted by the City Council ("City Council") of the City of Columbia, South Carolina ("City") on May 21, 1993, the Fifth Supplemental Ordinance No. 2007-72 enacted by the City Council on September 19, 2007 and the Seventh Supplemental Ordinance No. 2009-__ enacted by the City Council on [DATE], 2009. As such counsel we have examined executed copies of (i) the Purchase Contract, dated [PRICING DATE], 2009 ("Purchase Contract"), between the Underwriter and the City; (ii) the opinions of even date herewith as required by Sections 8(e)(i) and 8(e)(iv) of the Purchase Contract; and (iii) certain certificates as required by the Purchase Contract.

In addition, we have examined and relied on originals or copies, certified or otherwise identified to our satisfaction, of such other documents, legal opinions, instruments or records, and have made such investigation of law, as we have considered necessary or appropriate for the purpose of this opinion.

1. Assuming the validity of the Bonds and the exclusion from gross income of the interest on the Bonds for purposes of federal income taxation as set forth in the opinion of even date herewith of McNair Law Firm, P.A. as Bond Counsel, we are of the opinion that the Bonds are not required to be registered under the Securities Act of 1933, as amended, and no indenture with respect to the Bonds need be qualified under the Trust Indenture Act of 1939, as amended.

2. We are of the opinion that the statements in the Official Statement dated [PRICING DATE], 2009, with respect to the Bonds (which Official Statement is herein referred to as the "Official Statement") under the headings "INTRODUCTION," "THE 2009 BONDS," "SECURITY FOR THE 2009 BONDS" and "LEGAL MATTERS – Underwriting," insofar as such statements constitute a summary of certain of the provisions of the documents referred to therein, fairly present the information purported to be shown.

In accordance with our understanding with you, we have rendered legal advice and assistance to you in the course of your investigation with respect to, and your participation in the preparation of, the Official Statement and certain other matters related to the subject financing. Rendering such assistance involved, among other things, discussions and inquiries concerning various legal and related subjects and

CHARLESTON, SC
COLUMBIA, SC
MYRTLE BEACH, SC
RALEIGH, NC
SPARTANBURG, SC

a limited review of certain documents, including opinions of Co-Bond Counsel and other counsel and certificates of officers of the City and other appropriate persons. We also participated in conferences and telephone conferences with your representatives and other persons involved in the preparation of information for the Official Statement, at which the contents of the Official Statement and related matters were discussed and revised. While we are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the Official Statement, based upon our limited review of documents and participation in conferences as aforesaid, without independent verification, no facts have come to our attention which lead us to believe that the Official Statement (apart from the financial and statistical data contained or incorporated therein and as to the information in Appendix A, as to which we do not express any opinion or belief) contained as of its date or contains as of the date hereof any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

PARKER POE ADAMS & BERNSTEIN LLP

[CLOSING DATE], 2009

Morgan Keegan & Company, Inc.
on behalf of itself and as representative of
Grigsby & Associates, Inc.
[ADDRESS]

Re: [\$105,000,000] City of Columbia, South Carolina Waterworks and Sewer System
Revenue Bonds, Series 2009

Gentlemen:

We have acted as counsel to Morgan Keegan & Company, Inc. on behalf of itself and as representative of Grigsby & Associates, Inc., as the underwriter ("Underwriter") in connection with your purchase of [\$105,000,000] aggregate principal amount of City of Columbia, South Carolina Waterworks and Sewer System Revenue Bonds, Series 2009 ("Bonds"). The Bonds are being issued pursuant to a bond ordinance enacted by the City Council ("City Council") of the City of Columbia, South Carolina ("City") on May 21, 1993, the Fifth Supplemental Ordinance No. 2007-72 enacted by the City Council on September 19, 2007 and the Seventh Supplemental Ordinance No. 2009-__ enacted by the City Council on [DATE], 2009. As such counsel we have examined executed copies of (i) the Purchase Contract, dated [PRICING DATE], 2009 ("Purchase Contract"), between the Underwriter and the City; (ii) the opinions of even date herewith as required by Sections 8(e)(i) and 8(e)(iv) of the Purchase Contract; and (iii) certain certificates as required by the Purchase Contract.

In addition, we have examined and relied on originals or copies, certified or otherwise identified to our satisfaction, of such other documents, legal opinions, instruments or records, and have made such investigation of law, as we have considered necessary or appropriate for the purpose of this opinion.

1. Assuming the validity of the Bonds and the exclusion from gross income of the interest on the Bonds for purposes of federal income taxation as set forth in the opinion of even date herewith of McNair Law Firm, P.A. as Bond Counsel, we are of the opinion that the Bonds are not required to be registered under the Securities Act of 1933, as amended, and no indenture with respect to the Bonds need be qualified under the Trust Indenture Act of 1939, as amended.

2. We are of the opinion that the statements in the Official Statement dated [PRICING DATE], 2009, with respect to the Bonds (which Official Statement is herein referred to as the "Official Statement") under the headings "INTRODUCTION," "THE 2009 BONDS," "SECURITY FOR THE 2009 BONDS" and "LEGAL MATTERS – Underwriting," insofar as such statements constitute a summary of certain of the provisions of the documents referred to therein, fairly present the information purported to be shown.

In accordance with our understanding with you, we have rendered legal advice and assistance to you in the course of your investigation with respect to, and your participation in the preparation of, the Official Statement and certain other matters related to the subject financing. Rendering such assistance involved, among other things, discussions and inquiries concerning various legal and related subjects and a limited review of certain documents, including opinions of Co-Bond Counsel and other counsel and certificates of officers of the City and other appropriate persons. We also participated in conferences and telephone conferences with your representatives and other persons involved in the preparation of information for the Official Statement, at which the contents of the Official Statement and related matters

were discussed and revised. While we are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the Official Statement, based upon our limited review of documents and participation in conferences as aforesaid, without independent verification, no facts have come to our attention which lead us to believe that the Official Statement (apart from the financial and statistical data contained or incorporated therein and as to the information in Appendix A, as to which we do not express any opinion or belief) contained as of its date or contains as of the date hereof any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

STARKES LAW FIRM

EXHIBIT G

[Closing Date], 2009

The Honorable Mayor and Members of City Council
City of Columbia
Columbia, South Carolina

Morgan Keegan & Company, Inc.
on behalf of itself and as representative of
Grigsby & Associates, Inc.
[ADDRESS]

U.S. Bank National Association, as Credit Provider
[ADDRESS]

U.S. Bank National Association, as Paying Agent
[ADDRESS]

[RATING AGENCY]

\$105,000,000
City of Columbia, South Carolina
Waterworks and Sewer System Revenue Bonds, Series 2009

Ladies and Gentlemen:

We have acted as counsel to U.S. Bank National Association (the "Bank") in connection with the execution and delivery of the Letter of Credit and Reimbursement Agreement dated as of September 1, 2009 (the "Reimbursement Agreement") by and between the City of Columbia, South Carolina (the "City") and the Bank and the issuance pursuant thereto of the Bank's irrevocable, direct-pay letter of credit dated the date hereof (the "Letter of Credit"). The Letter of Credit relates to the issuance of the Bonds captioned above (the "Bonds") by the City pursuant to a General Bond Ordinance No. 93-43 enacted by City Council ("City Council") of the City on May 21, 1993 ("General Ordinance"), the Fifth Supplemental Ordinance No. 2007-72 enacted by the City Council on September 19, 2007 ("Fifth Supplemental Ordinance") and the Seventh Supplemental Ordinance No. 2009-__ enacted by the City Council on [DATE], 2009 ("Seventh Supplemental Ordinance," and together with the General Ordinance, Fifth Supplemental Ordinance and Seventh Supplemental Ordinance are referred to as the "Ordinance"). Terms not otherwise defined herein shall have the meanings given to them in the Reimbursement Agreement.

In rendering the opinions hereinafter expressed, we have examined, among other things, the Reimbursement Agreement, the Letter of Credit, and originals or copies satisfactory to us of all such

corporate records of the Bank, certificates of public officials, officers of the Bank, and other persons and such other corporate records, agreements, certificates and other documents as we have deemed relevant and necessary as a basis for the opinions hereinafter expressed. In such examination, we have assumed the genuineness of all signatures other than the Bank, the authenticity of all documents submitted to us as originals, the conformity with the original documents of all documents submitted to us as copies, the organization, existence and good standing of all entities who are parties to such documents other than the Bank, and the valid execution and delivery of such documents by such parties.

In rendering the opinions hereinafter expressed, we do not purport to be experts in or generally familiar with or qualified to express legal opinions based on the laws of any jurisdiction other than the federal laws of the United States of America and the laws of the State of South Carolina.

Based on the foregoing examination and assumptions, and subject to the qualifications and limitations hereinafter set forth, we are of the opinion, under the existing law, that:

1. The Bank is a banking corporation organized and validly existing under the laws of [DEFINE].
2. The Bank has the corporate power and authority to execute and deliver, and to perform its obligations under, the Letter of Credit and the Reimbursement Agreement.
3. The Letter of Credit and the Reimbursement Agreement have been duly authorized, executed and delivered by the Bank.
4. The Letter of Credit and the Reimbursement Agreement each constitute a legal, valid and binding obligation of the Bank enforceable against the Bank in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, receivership, conservatorship, liquidation, arrangement, fraudulent conveyance, moratorium and other similar laws affecting creditors' rights and remedies generally, as such laws may be applied in the event of insolvency, reorganization, receivership, conservatorship, liquidation, readjustment of debt or other similar proceedings of, or moratorium or similar occurrence affecting, the Bank, as well as general principles of equity, including without limitation concepts of materiality, reasonableness, good faith and fair dealing, and the possible unavailability of specific performance or injunctive relief, regardless of whether the application of such principles is considered in a proceeding in equity or at law; provided, however, that we express no opinion in particular as to whether a court in the exercise of its equitable powers may enjoin or restrain the payment of a draft or demand for payment under the Letter of Credit in the event of a presentation of documents that are forged or fraudulent or there is fraud in the transaction.
5. The Bank is a "bank" as described in Section 3(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), and, consequently, the Letter of Credit is exempt from registration under the Securities Act.

The information appearing under the headings "THE LETTER OF CREDIT—General," And "—Reduction and Reinstatement of the Letter Of Credit" And "SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT" in the Official Statement dated [DATE], 2009, insofar as such statements purport to summarize certain provisions of the Letter of Credit and the Reimbursement Agreement, fairly and accurately summarize such provisions (except as to financial and statistical data with respect to the Bank, as to which no opinion is expressed). Other than as set forth in the preceding sentence, we have not verified and are not passing upon, and do not assume responsibility for, the accuracy, completeness, or fairness of any statements contained in the Official Statement.

The opinions expressed above are rendered solely for your benefit in connection with the issuance of the Bonds and the execution and delivery of the Reimbursement Agreement and the Letter of Credit by the Bank. Such opinions may not be relied upon by you for any other purpose, nor may such opinions be furnished to, used, circulated, quoted or relied upon by any other person for any other purpose, without our prior written consent in each instance. We disclaim any obligation to update the opinions expressed above for any facts or events occurring or coming to our attention after the date hereof or any changes in law that may occur after the date hereof.

Very truly yours,

NIXON PEABODY

FORM OF PRELIMINARY OFFICIAL STATEMENT

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2009

DAC Bond[®]

NEW ISSUE
BOOK-ENTRY-ONLY

RATINGS: Moody's Investors Service, Inc.: ___
Standard & Poor's: ___
UNDERLYING RATINGS: Moody's Investors Service, Inc.: ___
Standard & Poor's: ___
(see "RATINGS" herein)

In the opinion of Bond Counsel, assuming continued compliance by the City with certain covenants, interest on the 2009A Bonds (as defined herein) is excludable from gross income for federal income tax purposes under existing statutes, regulations and court decisions. Interest on the 2009A Bonds is not an item of tax preference in computing the alternative minimum taxable income of individuals or corporation and interest on the 2009A Bonds will not be included in the computation of certain taxes including alternative minimum tax for corporations. Bond Counsel also observes that interest on the 2009 Series Q Bonds is not excluded from gross income for federal income tax purposes. See "LEGAL MATTERS - Tax Exemption and Other Tax Matters" for a brief description of alternative minimum tax treatment and certain other federal income tax consequences to certain recipients of interest on the 2009 Bonds. The 2009 Bonds and the interest thereon will also be exempt from all State, county, municipal and school district and other taxes or assessments imposed within the State of South Carolina, except estate, transfer and certain franchise taxes.



\$105,000,000*
CITY OF COLUMBIA, SOUTH CAROLINA
Waterworks and Sewer System Revenue Bonds
(CUSIP _____)¹

Dated: Delivery Date

Price of 2009 Bonds: 100%

Due: February 1, 2038

The City of Columbia, South Carolina ("City"), Waterworks and Sewer System Revenue Bonds, Series 2009 ("2009 Bonds"), are issuable in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), to which payments of principal, redemption premium, if any, and interest on the 2009 Bonds will be made. Individual purchases will be made in book-entry-only form, in denominations of \$5,000 each, or any integral multiple thereof. So long as Cede & Co., as partnership nominee of DTC, is the registered owner of the 2009 Bonds, references herein to holders or registered owners of 2009 Bonds shall mean Cede & Co., and shall not mean the beneficial owners of the 2009 Bonds. Interest on the 2009 Bonds shall be payable on each February 1 and August 1 commencing February 1, 2010, until maturity or prior redemption.

The 2009 Bonds are being issued under the authority of the Constitution and laws of the State of South Carolina ("State"), including Title 6, Chapter 17, Code of Laws of South Carolina 1976, as amended, and General Bond Ordinance No. 93-43, enacted by the City Council, the governing body of the City ("City Council") on May 21, 1993 ("General Ordinance"), as amended and supplemented, including as supplemented particularly by a Fifth Supplemental Ordinance No. 2007-72, enacted by the City Council on September 19, 2007, and Seventh Supplemental Ordinance No. 2009-__ enacted by the City Council on August __, 2009 (collectively, "Supplemental Ordinance" and together with the General Ordinance, as so amended and supplemented, "Ordinance").

The 2009 Bonds are being issued for the purposes (i) improving and enlarging the System (i.e., the 2009 Projects (defined herein)); and (ii) paying the cost of issuance of the 2009 Bonds

The 2009 Bonds will be issued initially as variable rate obligations bearing interest at the Weekly Interest Rate. While the 2009 Bonds bear interest at the Weekly Interest Rate, (i) an interest rate on the 2009 Bonds will be set before the issuance of the 2009 Bonds and once each week thereafter on Wednesday, except as described herein, and will be in effect from (and including) as applicable, the date of initial issuance or the Thursday of such week, through (and including) the following Wednesday and (ii) accrued interest will be payable on the first Business Day of each month (commencing on _____, 2009). The Weekly Interest Rate will be set from time to time by Morgan Keegan & Company, Inc., as Remarketing Agent for the 2009 Bonds. The 2009 Bonds may, from time to time, be changed to bear interest at the Daily Rate, Flexible Rate, Term Rate or a Fixed Rate at the option of the City. This Official Statement describes the 2009 Bonds only while they bear interest at the Weekly Interest Rate.

2009 Bonds bearing interest at the Weekly Interest Rate are subject, at the option of the owner, to tender for purchase on any Business Day (with at least seven days prior notice). The 2009 Bonds are also subject to mandatory repurchase. Payment of the principal and purchase price of and interest on the 2009 Bonds will initially be secured by an irrevocable, direct-pay Letter of Credit (the "Letter of Credit") issued by U.S. Bank National Association

[U.S. Bank National Association Logo]

(the "Bank"), pursuant to which U.S. Bank National Association, as Paying Agent, will be permitted to draw up to (a) an amount equal to the aggregate principal amount of the 2009 Bonds outstanding for the payment of the principal of the 2009 Bonds or the principal component of the purchase price of the 2009 Bonds, plus (b) an amount equal to 45 days' interest on the 2009 Bonds outstanding (computed at a rate of 12% per annum based on a 365-day year) for the payment of interest on the 2009 Bonds or the interest component of the purchase price of the 2009 Bonds, all as further described herein. The Letter of Credit will expire on _____, 2012 unless extended or earlier terminated as described herein. See "THE LETTER OF CREDIT"

The 2009 Bonds, including the interest thereon, are payable solely from the Net Revenues (as defined herein) of the Waterworks and Sewer System of the City ("System") and are secured by a pledge of and lien upon the Net Revenues thereof. See "SECURITY FOR THE 2009 BONDS" herein for a description of the priority of such pledge and lien.

Upon a change to certain interest rate determination methods as described herein, the 2009 Bonds will become subject to mandatory tender for purchase and remarketing in accordance with the Ordinance. The 2009 Bonds will be subject to optional and mandatory redemption and optional and mandatory tender for purchase prior to maturity.

THE 2009 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION (OTHER THAN ARTICLE X, SECTION 14, PARAGRAPH 10 OF THE SOUTH CAROLINA CONSTITUTION AUTHORIZING OBLIGATIONS PAYABLE SOLELY FROM SPECIAL SOURCES NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE) OR STATUTORY LIMITATION. THE 2009 BONDS SHALL NOT CONSTITUTE A DEBT OF THE CITY, NOR A CHARGE, LIEN OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE CITY OR ON ANY INCOME, RECEIPTS OR REVENUES THEREOF, OTHER THAN THE NET REVENUES OF THE SYSTEM PLEDGED THERETO. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE 2009 BONDS OR THE INTEREST THEREON AGAINST THE GENERAL FUND OF THE CITY AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY SHALL BE DEEMED TO BE PLEDGED THERETO. THE FULL FAITH, CREDIT AND TAXING POWERS OF THE CITY ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE 2009 BONDS.

The 2009 Bonds are offered when, as and if issued and delivered by the City, subject to the final approving opinions of McNair Law Firm, P.A., Columbia, South Carolina, and The Charleston Group, Columbia, South Carolina, Co-Bond Counsel. Certain legal matters will be passed upon for the City by its counsel, Kenneth E. Gaines, Esquire, and for the Underwriters by their counsel, Parker Poe Adams & Bernstein LLP, Columbia, South Carolina, and Starks Law Firm, Columbia, South Carolina. Merchant Capital, L.L.C., Atlanta, Georgia, has served as Financial Advisor to the City in connection with the issuance of the 2009 Bonds. It is expected that the 2009 Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about September __, 2009.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision. The City deems the Preliminary Official Statement to be final as of its date for purposes of S.E.C. Rule 15c2-12 except for information which may be omitted pursuant to Rule 15c2-12.

* Throughout this Preliminary Official Statement, the asterisk indicates information that is preliminary and subject to change

¹ Copyright 2003, American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP number listed above is being provided solely for the convenience of bondholders only at the time of issuance of the 2009 Bonds and the City makes no representation with respect to such number or undertakes any responsibility for its accuracy now or at any time in the future. The CUSIP number is subject to being changed after the issuance of the 2009 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2009 Bonds.

THIS PRELIMINARY OFFICIAL STATEMENT AND THE INFORMATION HEREIN ARE SUBJECT TO CHANGE, COMPLETION, OR AMENDMENT WITHOUT FURTHER NOTICE.

*PPAB DRAFT AUGUST 13, 2009
VARIABLE RATE*

MORGAN KEEGAN & COMPANY, INC.

GRIGSBY & ASSOCIATES, INC.

This Official Statement is dated September _____, 2009

This Official Statement does not constitute an offering of any security other than the original offering of the 2009 Bonds identified on the cover. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the 2009 Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

Information in this Official Statement has been obtained by the Underwriters from the City and other sources believed to be reliable. THE INFORMATION AND EXPRESSIONS OF OPINION IN THIS OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE UNDER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY OR THE SYSTEM.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of their responsibility to investors under the federal securities laws applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Upon execution and delivery, the 2009 Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this document, or approved the 2009 Bonds for sale and any representation to the contrary is a criminal offense.

Reference herein to laws, rules, regulations, agreements, reports and other documents, do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made therein. Where full texts have not been included as appendices to the Official Statement, they will be furnished upon request.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "project," "expect," "anticipate," "intend," "believe," "estimate," "budget," or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based, occur or fail to occur.

Other than with respect to information concerning U.S. Bank National Association (the "Credit Provider"), contained under the caption "THE BANK" herein, none of the information in this Official Statement has been supplied or verified by the Credit Provider and the Credit Provider makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the 2009 Bonds; or (iii) the tax-exempt status of the interest on the 2009 Bonds.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2009 BONDS AT OR ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING MAY BE DISCONTINUED AT ANY TIME.

CITY OF COLUMBIA, SOUTH CAROLINA
1737 Main Street
Columbia, South Carolina 29201
803-545-3050



CITY COUNCIL

Robert D. Coble, Mayor

COUNCIL MEMBERS

E. W. Cromartie, II
Sam Davis
Tameika Isaac Devine
Kirkman Finlay III
Belinda Gergel
Daniel J. Rickenmann

INTERIM CITY MANAGER

Steven A. Gantt

DEPUTY FINANCE DIRECTOR – CONTROLLER

William H. Ellis, CPA

TREASURER

Jeffrey M. Palen

DIRECTOR OF UTILITIES AND ENGINEERING

John J. Dooley, Jr., P.E.

CITY ATTORNEY

Kenneth E. Gaines, Esquire

FINANCIAL ADVISOR

Merchant Capital, L.L.C.
Atlanta, Georgia

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OFFICIAL STATEMENT
\$105,000,000*
CITY OF COLUMBIA, SOUTH CAROLINA
Waterworks and Sewer System Revenue Bonds
Series 2009

INTRODUCTION

This Official Statement of the City of Columbia, South Carolina ("City"), which includes the cover page hereof and the appendices hereto, provides information relating to the City and its \$105,000,000* Waterworks and Sewer System Revenue Bonds, Series 2009 ("2009 Bonds"). The 2009 Bonds, the 2005 Bonds, the 2001 Bonds, the 1999 Bonds, the 1993 Bonds and any Additional Bonds (as such terms are hereinafter defined) are referred to herein as the "Bonds." Included in this Official Statement are brief descriptions of the 2009 Bonds and the security therefor, the Waterworks and Sewer System of the City ("System"), the City and the surrounding area and the ordinances pursuant to which the 2009 Bonds are authorized and issued by the City. Also included is certain financial information relating to the System. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such reference or summary is qualified in its entirety by reference to each such document, statute, report or other instrument. Capitalized terms used herein without specific definition are used as defined in "APPENDIX C – Summary of Certain Provisions of the Ordinance."

Authorization

The 2009 Bonds are being issued under the Constitution and laws of the State of South Carolina ("State"), including Title 6, Chapter 17, Code of Laws of South Carolina 1976, as amended, General Bond Ordinance No. 93-43 enacted by the City Council, the governing body of the City ("City Council"), on May 21, 1993 ("General Ordinance"), as so amended and supplemented, including as supplemented particularly by Fifth Supplemental Ordinance No. 2007-72 enacted by the City Council on September 19, 2007, and Seventh Supplemental Ordinance No. 2009-__ enacted by the City Council on August __, 2009 (collectively, the "Supplemental Ordinance") (the General Ordinance, as so amended and supplemented, "Ordinance").

Purpose

The 2009 Bonds are being issued for the purposes of (i) improving and enlarging the System (i.e., the 2009 Projects (defined herein)); and (ii) paying the cost of issuance of the 2009 Bonds. See "SOURCES AND USES OF FUNDS" and "PLAN OF FINANCE."

THE 2009 BONDS

General

See APPENDIX C hereto for a list of definitions of certain terms used in this section of the Official Statement.

The 2009 Bonds will be dated the date of their delivery and will mature, subject to prior redemption as described below, on February 1, 2038 (the "Maturity Date"). The 2009 Bonds will be issued as fully registered bonds in book-entry only form and will be subject to the provisions of the book-entry only system described below. While the 2009 Bonds bear interest at a Weekly Interest Rate or Bond Interest Term ("BIT") Rates (as such terms are defined in Appendix C), individual purchases of 2009 Bonds by the Beneficial Owners (as defined herein) will be made in denominations of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000. While the 2009 Bonds bear interest at a Long-Term Interest Rate (as defined in Appendix C), individual purchases of 2009 Bonds by the Beneficial Owners will be made in denominations of \$5,000 or any integral multiple thereof. (The foregoing denominations are sometimes collectively referred to hereinafter as "Authorized Denominations"). **THIS OFFICIAL STATEMENT DOES NOT DESCRIBE THE 2009 BONDS AFTER THEY HAVE BEEN PURCHASED BY THE CREDIT FACILITY PROVIDER PURSUANT TO THE CREDIT FACILITY**

(“BANK BONDS”) AND, EXCEPT AS THE CONTEXT REQUIRES OTHERWISE, ANY REFERENCE HEREIN TO THE 2009 BONDS DOES NOT INCLUDE BANK BONDS.

The 2009 Bonds will initially bear interest at a Weekly Interest Rate. The method of determining interest rates on the 2009 Bonds is subject to being changed from a Weekly Interest Rate to BIT Rates or a Long-Term Interest Rate as described below. Each period during which a Weekly Interest Rate is in effect is known as a Weekly Interest Rate Period (as defined in Appendix C), each period during which BIT Rates are in effect is known as a Short-Term Interest Rate Period (as defined in Appendix C) and each period during which a Long-Term Interest Rate is in effect is known as a Long-Term Interest Rate Period (as defined in Appendix C). An Interest Rate Period means any Weekly Interest Rate Period, Short-Term Interest Rate Period or Long-Term Interest Rate Period.

For any Weekly Interest Rate Period, interest on the 2009 Bonds is payable on each Interest Payment Date (as defined herein) for the period commencing on the immediately preceding Interest Accrual Date (as defined in Appendix C) (or, if any Interest Payment Date is not a Thursday, commencing on the second preceding Interest Accrual Date) and ending on the Wednesday immediately preceding the Interest Payment Date (or, if sooner, the last day of the Weekly Interest Rate Period). For any Short-Term Interest Rate Period or Long-Term Interest Rate Period, interest on the 2009 Bonds is payable on each Interest Payment Date for the period commencing on the immediately preceding Interest Accrual Date and ending on the day immediately preceding such Interest Payment Date.

The principal of and redemption premium, if any, on the 2009 Bonds will be payable at the corporate trust office of U.S. Bank National Association, as Paying Agent (the “Paying Agent”) in St. Paul, Minnesota. Interest on the 2009 Bonds (except Bank Bonds as hereinafter defined) will be paid by the Paying Agent (a) with respect to any Weekly Interest Rate Period, on the first Thursday of each calendar month or, if any such first Thursday is not a Business Day (as defined in Appendix C), on the next succeeding Business Day, (b) with respect to any Short-Term Interest Rate Period, on the day next succeeding the last day thereof, and (c) with respect to any Long-Term Interest Rate Period, on each June 1 and December 1, or, if any such June 1 or December 1 is not a Business Day, on the next succeeding Business Day (each, an “Interest Payment Date”). In the case of 2009 Bonds which are not in book-entry form, interest on the 2009 Bonds during any Weekly Interest Rate Period or Long-Term Interest Rate Period will be paid by check mailed on the date on which interest is due to the Holder (as defined in Appendix C) at the close of business on the Regular Record Date (as defined below) in respect of such Interest Payment Date. In the case of 2009 Bonds which are not in book-entry form (a) 2009 Bonds bearing interest at BIT Rates or (b) any Holder of 2009 Bonds bearing interest at a Weekly Interest Rate or Long-Term Interest Rate in an aggregate principal amount in excess of \$1,000,000 as shown on the books of registration maintained by the Registrar who, prior to the Regular Record Date next preceding any Interest Payment Date, shall have provided, or caused to be provided, the Registrar with wire transfer instructions to an account within the continental United States, interest payable on such 2009 Bonds will be paid in accordance with the wire transfer instructions provided by the Holders of such 2009 Bonds (or by the Remarketing Agent (as hereinafter defined) on behalf of such Holders). The Regular Record Date will be the Business Day immediately preceding an Interest Payment Date with respect to 2009 Bonds bearing interest at Weekly Interest Rates or BIT Rates and will be the 15th day immediately preceding an Interest Payment Date with respect to 2009 Bonds bearing interest at a Long-Term Interest Rate (or, if such Interest Payment Date is less than 15 days after the first day of the Long-Term Interest Rate Period, such first day). Interest on any 2009 Bond bearing interest at a BIT Rate will be payable only upon presentation and surrender of such 2009 Bond to U.S. Bank National Association, as tender agent (the “Tender Agent”) at its designated office.

The 2009 Bonds are subject to optional and mandatory tender for purchase under certain circumstances as described below. The 2009 Bonds bearing interest at the Weekly Interest Rate and that are not owned by, for the account of or on behalf of the City, which 2009 Bonds are subject to optional or mandatory tender for purchase and not remarketed will, subject to the satisfaction of certain conditions precedent, be purchased by U.S. Bank National Association (as the initial “Credit Provider”) pursuant to a Letter of Credit and Reimbursement Agreement (the “Initial Credit Facility”) dated as of the date of its delivery between the City and the initial Credit Provider, and a Tender Agent Agreement (“Tender Agreement”) dated as of the date of its delivery among the City, the Tender Agent, the Remarketing Agent and the Paying Agent, provided that the obligation of the initial Credit Provider to purchase such 2009 Bonds under such Initial Credit Facility shall not have terminated, expired or been suspended in accordance with the terms thereof. The Initial Credit Facility will permit the Tender Agent to draw thereunder an amount sufficient to pay (i) the portion of the purchase price of such 2009 Bonds corresponding to principal when

due and (ii) the portion of the purchase price of such 2009 Bonds corresponding to up to 45 days' interest (other than defaulted interest and certain other non-covered interest as described in Appendix F hereto) at a maximum rate of 12% per annum, all as described and subject to certain limitations and other terms as described herein. The Initial Credit Facility will expire on September __, 2012, unless extended in accordance with its terms, or upon the earlier occurrence of certain events described herein. On any such expiration the 2009 Bonds shall be subject to mandatory tender for purchase. **The Initial Credit Facility may be terminated or suspended without prior notice in certain cases with no final right to tender 2009 Bonds for purchase thereunder, as described herein.**

Book-Entry Only System

DTC will act as the securities depository for the 2009 Bonds. The 2009 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2009 Bond certificate will be issued for each maturity of the 2009 Bonds, in the aggregate principal amount of the 2009 Bonds, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants", and together with Direct Participants, "Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. (www.dtc.org)

Purchases of the 2009 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2009 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2009 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase; Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2009 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2009 Bonds, except in the event that use of the book-entry system for such 2009 Bonds is discontinued.

To facilitate subsequent transfers, all 2009 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2009 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2009 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2009 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2009 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the 2009 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2009 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2009 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2009 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Underwriter, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its 2009 Bonds purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such 2009 Bonds by causing the Direct Participant to transfer the Participant's interest in such 2009 Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of the 2009 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2009 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2009 Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the 2009 Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, 2009 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2009 Bond certificates will be printed and delivered to DTC.

THE INFORMATION HEREIN CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY AND THE UNDERWRITERS BELIEVE TO BE RELIABLE, BUT NEITHER THE CITY NOR THE UNDERWRITERS TAKE RESPONSIBILITY FOR THE ACCURACY THEREOF. THE BENEFICIAL OWNERS SHOULD CONFIRM THE FOREGOING INFORMATION WITH DTC OR THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS.

Each person for whom a Participant acquires an interest in the 2009 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments.

So long as Cede & Co. is the registered owner of the 2009 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the 2009 Bonds (other than under the caption "LEGAL MATTERS – Tax Exemption and Other Tax Matters" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the 2009 Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the Paying Agent to DTC only.

For every transfer and exchange of 2009 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

The City, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the 2009 Bonds if the City determines that (i) DTC is unable to discharge its responsibilities with respect to the 2009 Bonds, or (ii) a continuation of the requirement that all of the Outstanding Bonds be registered in the books of Registry kept by the Registrar (defined below) in the name of Cede & Co., as nominee of DTC, is not in the best interests of the Beneficial Owners. In the event that no substitute securities depository is found by the City or restricted registration is no longer in effect, 2009 Bond certificates will be delivered as described in the Ordinance.

Notwithstanding any other provision of the Ordinance to the contrary, so long as any 2009 Bond is held in book-entry form, such 2009 Bond need not be delivered in connection with any optional or mandatory tender of 2009 Bonds. In such case, payment of the Purchase Price in connection with such tender shall be made to the registered owner of such 2009 Bonds on the date designated for such payment, without further action by the Beneficial Owner who delivered notice, and, notwithstanding the description of optional and mandatory tender of 2009 Bonds contained herein, transfer of beneficial ownership shall be made in accordance with the procedures of DTC.

NONE OF THE CITY, THE UNDERWRITERS, THE REGISTRAR NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE 2009 BONDS UNDER THE ORDINANCES; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2009 BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE 2009 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE 2009 BONDS; OR (VI) ANY OTHER MATTER.

Procedure in the Event of Discontinuation of Book-Entry Transfer System

The Supplemental Ordinance provides that if (a) DTC determines not to continue to act as securities depository for the 2009 Bonds or (b) the City has advised DTC of the City's determination that DTC is incapable of discharging its duties, the City will attempt to retain another qualified securities depository to replace DTC. Upon receipt by the City or the Registrar of the 2009 Bonds, together with an assignment duly executed by DTC, the City will execute and deliver to the successor depository, the 2009 Bonds of the same principal amount, interest rate and maturity. If the City is unable to retain a qualified successor to DTC, or the City has determined that it is in its best interest not to continue the book-entry only system of transfer or that interests of the Beneficial Owners of the 2009 Bonds might be adversely affected if the book-entry only system of transfer is continued (the City undertakes no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify Beneficial Owners of the 2009 Bonds by mailing an appropriate notice to DTC, upon receipt by the City of the 2009 Bonds together with an assignment duly executed by DTC, the City will execute, authenticate and deliver to the Participants the 2009 Bonds in fully-registered form, in Authorized Denominations.

Registration and Transfer

Upon the discontinuance of the book-entry only system, 2009 Bonds shall be evidenced by bond certificates issued in the name of the Holders thereof as set forth on the registration books maintained by the Registrar, and 2009

Bonds shall be transferable only upon the registration books by the Holder thereof in person or by his attorney, duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder or his duly authorized attorney. Upon the transfer of any 2009 Bond, the City shall execute and thereupon the Registrar shall authenticate and deliver to the transferee a new fully registered 2009 Bond or Bonds, registered in the name of the transferee of the same aggregate principal amount, maturity and interest rate as the surrendered 2009 Bond.

The City and the Registrar may deem and regard the person in whose name any 2009 Bond is registered as the absolute owner of such 2009 Bond for the purpose of receiving payment of the principal and redemption premium, if any, of, and interest on, such 2009 Bond and for all other purposes.

For every exchange or transfer of any 2009 Bond, whether temporary or definitive, the Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer.

Interest Rates

Interest will be computed, in the case of a Weekly Interest Rate Period or a Short-Term Interest Rate Period, on the basis of a 365 or 366-day year, as appropriate, for the actual number of days elapsed and, in the case of a Long-Term Interest Rate Period, on the basis of a 360-day year consisting of twelve 30-day months.

The term of the 2009 Bonds will be divided into consecutive Interest Rate Periods selected by the City during which the 2009 Bonds will bear interest at interest rates as described below. At any time, all 2009 Bonds will bear interest at a Weekly Interest Rate, BIT Rates or a Long-Term Interest Rate. During a Short-Term Interest Rate Period, 2009 Bonds may bear interest at different BIT Rates and have BITs of different durations. At no time will any 2009 Bond (other than Bank Bonds) bear interest in excess of 12% per annum (the "Maximum Bond Interest Rate").

Weekly Interest Rate Period

The Weekly Interest Rate will be determined by Morgan Keegan & Company, Inc. or its successor as remarketing agent (the "Remarketing Agent"), on Wednesday of each week during a Weekly Interest Rate Period or on the next preceding Business Day if such Wednesday is not a Business Day. The first Weekly Interest Rate determined for each Weekly Interest Rate Period will be determined on or prior to the first day of such Weekly Interest Rate Period and will apply to the period commencing on the first day of such Weekly Interest Rate Period and ending on the next succeeding Wednesday. Thereafter, each Weekly Interest Rate will apply to the period commencing on Thursday and ending on the next succeeding Wednesday, unless such Weekly Interest Rate Period ends on a day other than Wednesday, in which event the last Weekly Interest Rate will apply to the period commencing on the Thursday preceding the last day of such Weekly Interest Rate Period and ending on the last day of such Weekly Interest Rate Period.

The Weekly Interest Rate will be the rate of interest per annum determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable in the judgment of the Remarketing Agent to the 2009 Bonds and known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the minimum interest rate which, if borne by the 2009 Bonds, would enable the Remarketing Agent to sell the 2009 Bonds on such date of determination at a price (without regarding accrued interest) equal to the principal amount thereof.

If the Remarketing Agent fails to establish a Weekly Interest Rate for any week during a Weekly Interest Rate Period, the interest rate for such week will be deemed to be the same as the Weekly Interest Rate for the immediately preceding week, if the Weekly Interest Rate for such preceding week was determined by the Remarketing Agent. If for any reason the Remarketing Agent did not determine the Weekly Interest Rate for the immediately preceding week, or if a Weekly Interest Rate determined by the Remarketing Agent for any week is held to be invalid or unenforceable by a court of law, the interest rate for such week will be equal to the SIFMA Municipal Swap Index (or if such SIFMA Municipal Swap Index does not exist any reasonably equivalent

nationally recognized index) on the day the Weekly Interest Rate would otherwise be determined by the Remarketing Agent.

Short-Term Interest Rate Period

During each Short-Term Interest Rate Period, each 2009 Bond will bear interest at the BIT Rate determined for the BIT applicable to such 2009 Bond by the Remarketing Agent no later than the first day of each BIT. Each BIT will be a period of not more than 180 days as determined by the Remarketing Agent to be the period which, together with all other BITs for all 2009 Bonds then outstanding, will result in the lowest overall interest expense on the 2009 Bonds over the next succeeding 180 days. In determining the duration of each BIT, the Remarketing Agent will take into account the following factors: (a) existing short-term tax-exempt market rates and indices of such short-term rates, (b) existing market supply and demand for short-term tax-exempt securities, (c) existing yield curves for short-term and long-term tax-exempt securities for obligations of credit quality comparable to the 2009 Bonds, (d) general economic conditions, (e) economic and financial conditions that may affect or be relevant to the 2009 Bonds, (f) the BITs of other 2009 Bonds and (g) such other facts, circumstances and conditions pertaining to financial markets as the Remarketing Agent, in its sole discretion, determines to be relevant.

The Remarketing Agent will announce, by no later than 9:00 a.m., New York City time, on the first day of each BIT, the ranges of possible BITs. The BIT and the BIT Rate for the 2009 Bonds need not be the same for any two of the 2009 Bonds, even if determined on the same date.

The BIT Rate for each BIT for each 2009 Bond will be the rate of interest per annum determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable in the judgment of the Remarketing Agent to the 2009 Bonds and known by the Remarketing Agent to have been priced or traded under the then-prevailing market conditions) to be the minimum interest rate which, if borne by the 2009 Bonds for such BIT, would enable the Remarketing Agent to sell such 2009 Bonds on the date and at the time of such determination at a price (without regarding accrued interest) equal to the principal amount thereof.

If for any reason a BIT Rate for any 2009 Bond cannot be so determined by the Remarketing Agent, or if the determination of such BIT Rate is determined by a court of law to be invalid or unenforceable, then the applicable BIT Rate will be the rate per annum equal to the SIFMA Municipal Swap Index (or if such SIFMA Municipal Swap Index does not exist any reasonably equivalent nationally recognized index) on the first day of such BIT with a maturity that most nearly equals the BIT for which a BIT Rate is being so calculated.

Long-Term Interest Rate Period

The duration of a Long-Term Interest Rate Period will be determined by the City, which duration will be at least 181 days. The Long-Term Interest Rate during a Long-Term Interest Rate Period will be determined by the Remarketing Agent on a Business Day no earlier than two weeks before the effective date of such Long-Term Interest Rate Period and no later than the effective date of such Long-Term Interest Rate Period. The Long-Term Interest Rate will be the rate of interest per annum determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable in the judgment of the Remarketing Agent to the 2009 Bonds and known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the minimum interest rate which, if borne by the 2009 Bonds, would enable the Remarketing Agent to sell the 2009 Bonds on such date of determination at a price (without regarding accrued interest) equal to the principal amount thereof. If for any reason the Remarketing Agent does not determine a Long-Term Interest Rate on or prior to the first day of such Long-Term Interest Rate Period, then the 2009 Bonds will bear interest at a Weekly Interest Rate, and will continue to bear interest at a Weekly Interest Rate until properly adjusted otherwise.

Adjustment of Interest Rate Periods

The City may elect at any time to adjust the Interest Rate Period on the 2009 Bonds from one Interest Rate Period to an alternate Interest Rate Period, subject to certain conditions specified in the Ordinance, including delivery of an opinion of Bond Counsel to the effect that such action is authorized or permitted by the laws of the State of South Carolina (the "State") and the Supplemental Ordinance and will not adversely affect any exclusion

from gross income for federal and State income tax purposes of interest on the 2009 Bonds (a "Favorable Opinion of Bond Counsel").

If the City elects to adjust the 2009 Bonds to an alternate Interest Rate Period, all of the 2009 Bonds will be subject to such alternate Interest Rate Period. The written direction by which the City makes such election will specify (a) in the case of an adjustment to a Long-Term Interest Rate Period, the duration and last day of such Long-Term Interest Rate Period; (b) the effective date of the adjustment to any alternate Interest Rate Period, which effective date will be (i) a Business Day not earlier than the 12th day (15th day in the case of an adjustment to a Weekly Interest Rate Period or Short-Term Interest Rate Period from a Long-Term Interest Rate Period, and 30th day in the case of an adjustment to a Long-Term Interest Rate Period from a Weekly Interest Rate Period) following the fifth Business Day after receipt by U.S. Bank National Association, as registrar (the "Registrar") of such direction from the City, (ii) in the case of an adjustment from a Long-Term Interest Rate Period to a Weekly Interest Rate Period or Short-Term Interest Rate Period or to another Long-Term Interest Rate Period, the day immediately following the last day of the then-current Long Term Interest Rate Period or a day on which the 2009 Bonds would otherwise be subject to optional redemption during such Long-Term Interest Rate Period if such adjustment did not occur, (iii) in the case of an adjustment from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period, and (iv) in the case of an adjustment from a Weekly Interest Rate Period to a Short-Term Interest Rate Period, the day immediately following the last day of such Weekly Interest Rate Period; and (c) the date of delivery for such 2009 Bonds to be purchased and, with regard to adjustments to a Long-Term Rate Period, the date on which Holders are required to deliver such 2009 Bonds to be purchased (if other than such effective date). With respect to any adjustment to a Long-Term Interest Rate Period, such direction of the City may specify redemption prices greater, and after *periods* longer, than those set forth in "Redemption - Optional Redemption" below, if approved by Bond Counsel. A change to an alternate Interest Rate Period may not take place unless a Favorable Opinion of Bond Counsel is delivered on the effective date of such change.

The Registrar will give notice by first-class mail of any adjustment to a new Interest Rate Period not less than 12 days (15 days if the then-current Interest Rate Period is a Long-Term Interest Rate Period, and 30 days in the case of an adjustment to a, or establishment of another, Long-Term Interest Rate Period) prior to the effective date of such new Interest Rate Period. Such notice will state (a) that the interest rate on the 2009 Bonds will be adjusted to a Weekly Interest Rate, BIT Rates or a Long-Term Interest Rate, or continue to be a Long-Term Interest Rate, as appropriate, unless (i) Bond Counsel fails to deliver a Favorable Opinion of Bond Counsel on the effective date of such adjustment or (ii) in the case of an adjustment to a, or establishment of another, Long-Term Interest Rate Period, the City elects, on or prior to the date of determination of such Long-Term Interest Rate, to rescind its election to cause such adjustment, in which case the 2009 Bonds, if being adjusted from a Weekly Interest Rate Period or a Short-Term Interest Rate Period, will continue to bear interest at a Weekly Interest Rate or BIT Rates as in effect immediately prior to such proposed adjustment in the Interest Rate Period, or, if being adjusted from a Long-Term Interest Rate Period, will bear interest at a Weekly Interest Rate, for the period commencing on the date which would have been the effective date of such proposed Interest Rate Period; (b) the effective date of such alternate Interest Rate Period, and in the case of an adjustment to a, or the establishment of another, Long-Term Interest Rate Period, the last day of such Long-Term Interest Rate Period or in the case of an adjustment to a Short-Term Interest Rate Period, that a BIT and a BIT Rate for each 2009 Bond will be determined not later than the first day of such BIT; (c) that the 2009 Bonds are subject to mandatory tender for purchase on the effective date of the new Interest Rate Period; and (d) the applicable purchase price on such date.

Upon the failure of an adjustment to an alternate Interest Rate Period, the 2009 Bonds will bear interest as provided in clause (a) of the notice described above. If notice of such adjustment has been mailed to the Holders of the 2009 Bonds as provided in the Ordinance and Bond Counsel fails to deliver a Favorable Opinion of Bond Counsel on the effective date as therein described, the 2009 Bonds will continue to be subject to mandatory tender for purchase on the date which would have been the effective date of such adjustment.

In the event that the City elects to rescind its election to adjust the interest rate on the 2009 Bonds to a Long-Term Interest Rate, then such interest rate will not be so adjusted and the 2009 Bonds will bear interest at a Weekly Interest Rate or BIT Rates as in effect prior to such election, or if the 2009 Bonds were to be adjusted from another Long-Term Interest Rate, then the 2009 Bonds will bear interest at a Weekly Interest Rate for the period commencing on the date which would have been the effective date of such Long-Term Interest Rate Period. In either such case, the 2009 Bonds will continue to be subject to mandatory tender for purchase on the day which

would have been the effective date of such Long-Term Interest Rate Period. The Registrar will promptly mail notice to the Holders of the 2009 Bonds that the 2009 Bonds will not be adjusted to a Long-Term Interest Rate but will bear interest as described in the immediately preceding sentence.

If the City has not made a timely election prior to the end of any Long-Term Interest Rate Period that, during the next succeeding Interest Rate Period, the 2009 Bonds will bear interest at a specified interest rate, the next succeeding Interest Rate Period for the 2009 Bonds will be a Weekly Interest Rate Period until properly adjusted otherwise.

Compliance with Rule 15c2-12

If the Interest Rate Period on the 2009 Bonds is converted to an interest rate mode the effect of which would be to subject the City to continuing disclosure obligations pursuant to Rule 15c2-12, as an "obligated person" within the meaning of Rule 15c2-12, it is an express condition to the conversion thereof that the City will execute and deliver to the Trustee, simultaneously the proposed conversion date thereof, a copy of a continuing disclosure certificate or agreement imposing obligations upon the City to comply with the requirements of Rule 15c2-12, as it may be amended or supplemented from time to time, with respect to the 2009 Bonds, together with an opinion of counsel to the effect that such certificate or agreement complies with the requirement of such Rule 15c2-12; provided, however, that failure of the City to comply with the provisions of such continuing disclosure certificate or agreement will not be considered an Event of Default under the Ordinance.

Tender Provisions

THE SUPPLEMENTAL ORDINANCE PROVIDES THAT SO LONG AS CEDE & CO. IS THE SOLE HOLDER OF THE 2009 BONDS, ALL TENDERS FOR PURCHASE AND DELIVERIES OF 2009 BONDS TENDERED FOR PURCHASE OR SUBJECT TO MANDATORY TENDER UNDER THE PROVISIONS OF THE SUPPLEMENTAL ORDINANCE WILL BE MADE PURSUANT TO DTC'S PROCEDURES AS IN EFFECT FROM TIME TO TIME, AND NEITHER THE CITY, THE TENDER AGENT, THE TRUSTEE, THE REGISTRAR, THE CREDIT PROVIDER (AS DEFINED HEREIN) NOR THE REMARKETING AGENT SHALL HAVE ANY RESPONSIBILITY FOR OR LIABILITY WITH RESPECT TO THE IMPLEMENTATION OF SUCH PROCEDURES.

Tender for Purchase Upon Election of Holder During Weekly Interest Rate Period. During any Weekly Interest Rate Period, any 2009 Bond will be purchased in whole (or in part if both the amount to be purchased and the amount remaining unpurchased will consist of Authorized Denominations) from the Holder thereof at the option of such Holder on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, from and including the Interest Accrual Date immediately preceding the date of purchase through and including the day immediately preceding the date of purchase, unless the date of purchase is an Interest Payment Date in which case at a purchase price equal to the principal amount thereof, upon delivery by such Holder to the Tender Agent at its principal office of an irrevocable written notice which states the principal amount of such 2009 Bond and the date on which such 2009 Bond is to be purchased, which date must be a Business Day not prior to the seventh day next succeeding the date of delivery of such notice to the Tender Agent. Any notice delivered to the Tender Agent after 4:00 p.m., New York City time, will be deemed to have been received by the Tender Agent on the next succeeding Business Day. THE CITY SHALL ONLY BE REQUIRED TO PURCHASE 2009 BONDS TENDERED FOR PURCHASE PURSUANT TO THE PROVISIONS OF THE SUPPLEMENTAL ORDINANCE DESCRIBED IN THIS PARAGRAPH TO THE EXTENT IT HAS AVAILABLE PROCEEDS OF THE SALE OF SUCH 2009 BONDS REMARKETED PURSUANT TO THE REMARKETING AGREEMENT OR PROCEEDS RECEIVED FROM THE PURCHASE OF BANK BONDS BY THE CREDIT PROVIDER. THE FAILURE BY THE CITY TO PURCHASE ANY SUCH TENDERED BONDS SHALL NOT CONSTITUTE AN EVENT OF DEFAULT UNDER THE ORDINANCE.

Mandatory Tender for Purchase on Day Next Succeeding Last Day of Each BIT. On the day next succeeding the last day of each BIT (unless such day is the first day of a new Interest Rate Period in which case the 2009 Bonds will be subject to mandatory tender for purchase as provided in the provisions of the Supplemental Ordinance described in the next paragraph), the Holder of a 2009 Bond will be required to tender for purchase such 2009 Bond

and such 2009 Bond will be purchased at a purchase price equal to the principal amount thereof plus accrued interest, if any.

Mandatory Tender for Purchase on First Day of Each Interest Rate Period. The 2009 Bonds will be subject to mandatory tender for purchase on the first day of each Interest Rate Period (or on the day which would have been the first day of an Interest Rate Period had there been no occurrence of an event which resulted in the interest rate on the 2009 Bonds not being adjusted), at a purchase price equal to the principal amount of the 2009 Bonds or, in the case of a purchase on the first day of an Interest Rate Period which is preceded by a Long-Term Interest Rate Period and which commences prior to the day originally established as the last day of such preceding Long-Term Interest Rate Period, at a purchase price equal to the optional redemption price which would have been applicable to the 2009 Bonds on such mandatory purchase date if such preceding Long-Term Interest Rate Period had continued to the day originally established on the last day thereof, plus accrued interest, if any.

Mandatory Tender for Purchase Upon Termination, Expiration, Reduction, Modification or Replacement of the Credit Facility. The Trustee will cause the Registrar to give notice by mail to the Holders of the 2009 Bonds then payable from the Credit Facility (if any) (a) on or before the 20th day preceding the expiration of any Credit Facility in accordance with its terms or any cancellation, termination, expiration, reduction, replacement or modification of the terms of the Credit Facility with the effect that the Purchase Price of the 2009 Bonds will cease to be payable from such Credit Facility (except upon the occurrence of an Event of Immediate Termination (as defined herein)) or (b) in the case of receipt by the Trustee of notice from the Credit Provider that an event of default has occurred under the Credit Facility relating thereto and stating that the Purchase Price of the 2009 Bonds will cease to be payable from the Credit Facility, within five Business Days following receipt by the Trustee of such notice of an event of default under the Credit Facility. If at any time the Trustee causes the Registrar to give such notice, then on the fifth day preceding any such termination, expiration, reduction, modification, cancellation or replacement of such Credit Facility, the 2009 Bonds will be subject to mandatory tender for purchase at a price equal to the principal amount thereof, plus accrued interest (if any) thereon.

No Mandatory Tender Upon Occurrence of Event of Immediate Termination. THE 2009 BONDS WILL NOT BE SUBJECT TO MANDATORY TENDER FOR PURCHASE AS A RESULT OF THE OCCURRENCE OF ANY EVENT THAT ALLOWS THE CREDIT PROVIDER, PURSUANT TO THE TERMS OF THE CREDIT FACILITY, TO TERMINATE ITS OBLIGATION TO PROVIDE FUNDS FOR THE PURCHASE OF 2009 BONDS IMMEDIATELY UPON THE OCCURRENCE OF CERTAIN EVENTS (a) WITHOUT GIVING ANY NOTICE TO THE TRUSTEE OR THE CITY OR (b) IMMEDIATELY UPON GIVING NOTICE TO THE TRUSTEE (AN "EVENT OF IMMEDIATE TERMINATION"). IF THE TRUSTEE RECEIVES NOTICE OF THE OCCURRENCE OF AN EVENT OF IMMEDIATE TERMINATION, IT WILL CAUSE THE REGISTRAR TO NOTIFY THE HOLDERS OF THE 2009 BONDS THAT AN EVENT OF IMMEDIATE TERMINATION HAS OCCURRED WITHIN TWO BUSINESS DAYS FOLLOWING ITS RECEIPT OF SUCH NOTICE.

Irrevocable Notice Deemed to be Tender of 2009 Bonds. The giving of notice by a Holder of its election to have its 2009 Bond purchased during a Weekly Interest Rate Period will constitute the irrevocable tender for purchase of such 2009 Bond regardless of whether such 2009 Bond is delivered to the Tender Agent for purchase on the relevant purchase date.

Undelivered 2009 Bond. If funds in the amount of the purchase price of any 2009 Bond which has not been delivered (each, an "Undelivered 2009 Bond"), in the case of a 2009 Bond to be purchased at the option of the Holder on the date specified for the purchase thereof or, in the case of a 2009 Bond subject to mandatory tender for purchase, on the date specified in the Ordinance, are available for payment to the Holders of such 2009 Bonds on such date, from and after the date and time of that required delivery (a) such Undelivered 2009 Bonds will be deemed to be purchased and will no longer be deemed to be Outstanding under the Ordinance; (b) interest will no longer accrue on such Undelivered 2009 Bonds; and (c) funds in the amount of the purchase price of such Undelivered 2009 Bonds will be held by the Tender Agent for the benefit of the Holder thereof (provided that such Holder will have no right to any investment proceeds derived from such funds), to be paid on delivery (and proper endorsement) of such 2009 Bonds to the Tender Agent at its principal office for delivery of Undelivered 2009 Bonds.

Delivery Address For Tender Notices and Tendered Bonds. Notices in respect of tenders for purchase at the election of Holders during a Weekly Interest Rate Period and 2009 Bonds subject to optional or mandatory purchase as described above must be delivered to the Tender Agent. The initial address of the Tender Agent to which such notices and 2009 Bonds should be delivered is U.S. Bank National Association, Corporate Trust Services, Post Office Box 64111, St. Paul, Minnesota 55164-0111.

Payment of Purchase Price. For payment of the purchase price of any 2009 Bond required to be purchased pursuant to the Supplemental Ordinance, such 2009 Bond must be delivered, at or prior to 11:00 a.m., New York City time, on the date specified in the notice relating to such purchase, to the Tender Agent at its principal office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or his duly authorized attorney, with such signature guaranteed by a participant in the Securities Transfer Agents Medallion Program (STAMP) or similar program. In the event any such 2009 Bond is delivered after 11:00 a.m., New York City time, or such other time as set forth in the Tender Agreement on such specified date, payment of the purchase price need not be made until the Business Day following the date of delivery of such 2009 Bond, but such 2009 Bond will nonetheless be deemed to have been purchased on the date specified in such notice and no interest will accrue thereon after such date.

The Remarketing Agent

The City has appointed Morgan Keegan & Company, Inc. as the initial Remarketing Agent for the 2009 Bonds. In accordance with the Supplemental Ordinance and the Remarketing Agreement, the Remarketing Agent will offer such 2009 Bonds for sale and will use its best efforts to sell such 2009 Bonds at a price equal to the principal amount thereof plus accrued interest, if any, on any date on which 2009 Bonds are tendered for purchase or deemed to be tendered for purchase under the Ordinance.

Each Remarketing Agent may resign by giving, at least 60 days' notice to certain parties including the City and the Trustee, and may be removed with 30 days notice by the City upon the appointment of a successor Remarketing Agent with the approval of the Bond Insurer and the Credit Provider.

Redemption

All redemptions will be made in funds immediately available on the redemption date and will be at a redemption price of 100% of the principal amount of the 2009 Bonds being redeemed (unless a premium is required as described below) plus interest accrued and unpaid to the redemption date. 2009 Bonds tendered for purchase on a date after a notice for redemption but before the redemption date will be purchased pursuant to the tender.

Optional Redemption

On any Interest Payment Date during a Weekly Interest Rate Period, the 2009 Bonds will be subject to optional redemption by the City, in whole or in part. On the day succeeding the last day of any BIT with respect to any 2009 Bond, such 2009 Bond will be subject to optional redemption by the City, in whole or in part.

During any Long-Term Interest Rate Period, the 2009 Bonds will be subject to optional redemption by the City, during the periods specified below (or if approved by Bond Counsel, during the periods specified in the notice of the City to the Registrar given in connection with an election that such 2009 Bonds shall bear, or continue to bear, interest at a Long-Term Interest Rate) in whole or in part at any time, at the redemption prices (expressed as a percentage of principal amount) hereinafter indicated (or specified in the notice of the City to the Registrar referenced above), plus accrued interest, if any, to the redemption date:

<u>Length of Long-Term Interest Rate Period (expressed in years)</u>	<u>Redemption Prices</u>
Greater than 15	after 10 years at 101%, declining after one year to 100%
less than or equal to 15 and greater than 10	after 7 years at 101%, declining after one year to 100%
less than or equal to 10 and greater than 7	after 5 years at 100%
less than or equal to 7 and greater than 4	after 3 years at 100%
less than or equal to 4	after 2 years at 100%

Mandatory Sinking Fund Redemption

The 2009 Bonds are subject to mandatory sinking fund redemption prior to maturity in part by lot on each February 1 in the years and in the principal amounts shown below (to the extent not previously redeemed):

<u>Year</u> <u>February 1,</u>	<u>Amount</u>	<u>Year</u> <u>February 1,</u>	<u>Amount</u>
2010		2025	
2011		2026	
2012		2027	
2013		2028	
2014		2029	
2015		2030	
2016		2031	
2017		2032	
2018		2033	
2019		2034	
2020		2035	
2021		2036	
2022		2037	
2023		2038*	
2024			

*Represents final maturity.

The City will receive a credit in such order as the City determines and directs the Paying Agent against amounts to be paid as sinking fund installments for any 2009 Bond previously redeemed pursuant to any optional redemption.

Selection of 2009 Bonds to be Redeemed; Notice and Effect of Redemption

If less than all of the 2009 Bonds are called for redemption, the Registrar will select first any Bank Bonds; second, any 2009 Bonds registered in the name of the City; and third, the remaining 2009 Bonds to be redeemed by lot or any other manner it deems fair and equitable; provided, with respect to the second and third priority such selection will be made by DTC so long as the 2009 Bonds are held in book-entry form.

Notice of any redemption will be given by the Registrar by first class mail at least 30 days but not more than 60 days prior to the redemption date to each Holder of 2009 Bonds to be redeemed at such Holder's registered address. Failure to give any required notice of redemption as to any particular 2009 Bonds will not affect the validity of the

call for redemption of any 2009 Bonds in respect of which no such failure occurs. Any notice mailed as provided in this paragraph will be conclusively presumed to have been given whether or not actually received by the addressee.

No further interest will accrue on the principal of any 2009 Bond duly called for redemption after the date fixed for redemption if moneys sufficient for such redemption have been deposited with the Paying Agent.

SECURITY FOR THE 2009 BONDS

Pledged Revenues

The 2009 Bonds are payable solely from and are secured equally and ratably with the 1993 Bonds, the 1999 Bonds, the 2001 Bonds, the 2005 Bonds and all bonds hereafter issued on a parity therewith (with respect to the pledge of and lien upon the Net Revenues) under the General Ordinance ("Additional Bonds") by a pledge of and lien upon the Net Revenues (as defined herein) of the System.

The term "Net Revenues" means the Revenues of the System after deducting Expenses of Operating and Maintaining the System (as hereinafter defined). The term "Revenues" means all fees, tolls, rates, rentals and all other charges to be levied and collected in connection with and all other income and receipts of whatever kind or character derived by the City from the operation of the System or arising from the System, excluding the receipts, income, revenues, fees and other charges derived from the operation of Special Facilities (as defined in Appendix C). The term "Expenses of Operating and Maintaining the System" means the costs and expenses of operating and maintaining the System in good repair and working order including wages, salaries, costs of materials and supplies, costs of routine repairs, renewals, replacements or alterations occurring in the normal course of business, the reasonable fees and charges of any paying agents and registrars of any Bonds issued pursuant to the General Ordinance or any supplemental ordinance, the costs of any audit required by the General Ordinance and the premium for all insurance required with respect to the System. Such term does not include any allowance for depreciation or renewals or replacements of capital assets of the System and amounts deemed to be payments in lieu of taxes or other equity transfers. The term "1993 Bonds," used herein, means the outstanding principal amount of \$24,470,000 of the City's \$74,765,000 original principal amount Waterworks and Sewer System Revenue Bonds, Series 1993. The term "1999 Bonds," used herein, means the outstanding principal amount of \$3,025,000 of the City's \$61,125,000 original principal amount Waterworks and Sewer System Revenue Bonds, Series 1999. The term "2001 Bonds," used herein, means the outstanding principal amount of \$37,550,000 of the City's \$41,500,000 original principal amount Waterworks and Sewer System Refunding Revenue Bonds, Series 2001. The term "2005 Bonds," used herein, means the outstanding principal amount of \$60,000,000 of the City's \$60,000,000 original principal amount Waterworks and Sewer System Revenue Bonds, Series 2005.

Limited Obligations

THE 2009 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION (OTHER THAN ARTICLE X, SECTION 14, PARAGRAPH 10 OF THE SOUTH CAROLINA CONSTITUTION AUTHORIZING OBLIGATIONS PAYABLE SOLELY FROM SPECIAL SOURCES NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE) OR STATUTORY LIMITATION. THE 2009 BONDS SHALL NOT CONSTITUTE A DEBT OF THE CITY, NOR A CHARGE, LIEN OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE CITY OR ON ANY INCOME, RECEIPTS OR REVENUES THEREOF, OTHER THAN THE NET REVENUES OF THE SYSTEM PLEDGED THERETO. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE 2009 BONDS OR THE INTEREST THEREON AGAINST THE GENERAL FUND OF THE CITY AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY SHALL BE DEEMED TO BE PLEDGED THERETO. THE FULL FAITH, CREDIT AND TAXING POWERS OF THE CITY ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE 2009 BONDS.

Rate Covenant

The City has covenanted in the General Ordinance to operate the System in an efficient and economical manner and establish, levy, maintain, revise and collect such fees, rates and other charges for the use of the services and facilities furnished by the System as may be necessary or proper, which fees, rates and other charges, together with other Revenues and other available moneys, will at all times be sufficient after making due and reasonable

allowance for contingencies and for a margin of error in estimates, to provide in each July 1 through June 30 fiscal year of the City, an amount equal to:

- (a) 100 percent of the amounts required to pay Expenses of Operating and Maintaining the System for the then current fiscal year;
- (b) 110 percent of the amounts required to be deposited into each Debt Service Fund (as herein defined) for the Bonds for the then current fiscal year;
- (c) 100 percent of the amounts required to be deposited to each Debt Service Reserve Fund (as herein defined) for the Bonds for the then current fiscal year;
- (d) 100 percent of the amounts required to provide for payment of any Junior Bonds (as herein defined) in the then current fiscal year; and
- (e) any amounts necessary to comply in all respects with the terms of the General Ordinance.

Disposition of Revenues and Funds Established by the Ordinance

The following are the additional funds and accounts created and established by the General Ordinance:

- (f) Debt Service Fund to be held by the City, including an Interest Account and Principal Account.
- (g) Debt Service Reserve Fund to be held by the City.

The Revenues of the System shall be applied at the times, in the amounts and for the purposes as provided or permitted by the General Ordinance, and in the following order of priority:

First, for the payment of Expenses of Operating and Maintaining the System;

Second, into the respective Debt Service Funds, the amounts required by the General Ordinance or any supplemental ordinance; and

Third, into the respective Debt Service Reserve Funds, the amounts required by the General Ordinance or any supplemental ordinance.

If, after applying Revenues of the System as set forth above, there are Revenues remaining, such Revenues shall then be used first for the payment of Junior Bonds or to meet any other obligations of the City which are or which shall become charges, liens or encumbrances upon the Revenues of the System; second to provide adequate funds for improvements to the System and to build up proper reserves for depreciation and against contingencies; and third as the City Council shall from time to time determine to be in the best interest of the City.

Credit Facility

The 2009 Bonds are subject to optional and mandatory tender for purchase under certain circumstances as described below. 2009 Bonds bearing interest at the Weekly Interest Rate and that are not owned by, for the account of or on behalf of the City, which 2009 Bonds are subject to optional or mandatory tender for purchase and not remarketed will, subject to the satisfaction of certain conditions precedent, be purchased by the initial Credit Provider pursuant to the Initial Credit Facility, provided that the obligation of the initial Credit Provider to purchase such Bonds under such Initial Credit Facility shall not have terminated, expired or been suspended in accordance with the terms thereof. The Initial Credit Facility will permit the Tender Agent to draw thereunder an amount sufficient to pay (i) the portion of the purchase price of such 2009 Bonds corresponding to principal when due and (ii) the portion of the purchase price of such 2009 Bonds corresponding to up to 45 days' interest (other than defaulted interest and certain other non-covered interest as described in Appendix E hereto) at a maximum rate of 12% per annum, all as described and subject to certain limitations and other terms as described herein. The Initial Credit Facility will expire on September __, 2012, unless extended in accordance with its terms, or upon the earlier occurrence of certain events described herein. The Initial Credit Facility may be terminated or suspended

without prior notice in certain cases with no final right to tender 2009 Bonds for purchase thereunder, as described herein.

UNDER CERTAIN CIRCUMSTANCES DESCRIBED HEREIN, PURCHASES OF 2009 BONDS THAT ARE TENDERED WILL NOT BE MADE UNDER THE CREDIT FACILITY AND, THEREFORE, FUNDS MAY NOT BE AVAILABLE TO PURCHASE SUCH TENDERED 2009 BONDS. UNDER CERTAIN CIRCUMSTANCES, AN EVENT OF TERMINATION UNDER THE CREDIT FACILITY MAY PERMIT THE CREDIT PROVIDER TO AUTOMATICALLY TERMINATE OR SUSPEND ITS OBLIGATIONS TO PURCHASE SUCH TENDERED 2009 BONDS. IN THE EVENT THAT THE CREDIT PROVIDER DOES NOT PURCHASE SUCH TENDERED 2009 BONDS FOR ANY REASON, THE CITY HAS NO OBLIGATION TO MAKE SUCH PAYMENT.

If there should occur any event resulting in the immediate termination or suspension of the obligations of a Credit Provider to purchase 2009 Bonds under the terms of the Credit Facility, then the Trustee, after it has received notice of such occurrence, will cause the Registrar to notify the Holders that an Event of Immediate Termination has occurred within two Business Days following its receipt of such notice.

The Initial Credit Facility may be replaced by an Alternate Credit Facility as described herein under "THE CREDIT FACILITY-Alternate Credit Facility." (Such Initial Credit Facility and Alternate Liquidity Facilities are herein sometimes collectively referred to as the "Credit Facility," and the initial Credit Provider and issuers of Alternate Liquidity Facilities are, as applicable, sometimes hereinafter referred to as the "Credit Provider").

Additional and Refunding Bonds

The City may issue Additional Bonds on a parity (with respect to the pledge of and lien on Net Revenues) with the 2009 Bonds subject to certain conditions set forth in the General Ordinance, including, in the case of Additional Bonds issued other than for the purpose of refunding Bonds, the requirement that there shall be delivered a report, which report is not required to be based upon the latest audit of the City, from a firm of independent certified public accountants selected by the City (an "Accountant"), stating that the amount of the Net Revenues of the System for any consecutive 12-month period out of the last 24-month period ("Test Period") is not less than 130 percent of the sum of the highest combined interest and principal requirements in any fiscal year ("Maximum Debt Service") on the Bonds to be outstanding after the issuance of such Additional Bonds for any succeeding fiscal year, provided the amount of Net Revenues for such 12-month period may be adjusted by adding the following:

(a) in case the rates and charges for the services furnished by the System shall have been revised and such revised rates and charges shall have gone into effect prior to the delivery of the Additional Bonds proposed to be issued, the additional amount of Net Revenues which would have been realized during the Test Period if such rates and charges had been in effect during such Test Period as determined by a Consulting Engineer (as defined in Appendix C) or an Accountant, and

(b) in case an existing sewer system, existing water system or any other public utility system is to be acquired and combined or made a part of the System from the proceeds of the Additional Bonds proposed to be issued, the additional amount of Net Revenues which would have been realized during the Test Period if such existing system or systems to be acquired had been a part of the System during such Test Period (which computation of the additional amount of Net Revenues shall be based upon the method of computing Net Revenues under the General Ordinance and approved by a Consulting Engineer or an Accountant).

Without complying with the foregoing debt service coverage provisions, Additional Bonds may be issued for the purpose of refunding (including by purchase) Bonds provided that the Debt Service on all Bonds to be outstanding after the issuance of the proposed series of refunding Bonds shall not be greater than would have been the Debt Service on all Bonds not then refunded and the Bonds to be refunded. See "APPENDIX C – Summary of Certain Provisions of the Ordinance" under the heading "SUMMARY OF ORDINANCE – Additional Bonds -- *Parity Obligations*." The term "Debt Service" means, with respect to each series of Bonds and any particular fiscal year, the aggregate of the amounts to be paid or set aside (or estimated to be required to be paid or set aside) in the applicable Debt Service Fund in such fiscal year for the payment of the principal of, redemption premium, if any, and interest (to the extent not capitalized) on such series of Bonds.

Junior Bonds and Special Facilities Bonds

The City may issue bonds secured by a pledge of Net Revenues junior and subordinate in all respects to the pledge securing the Bonds or any other obligation or form of indebtedness, including lease purchase obligations secured by a pledge of Net Revenues, after provision has been made for all payments required to be made with respect to the Bonds ("Junior Bonds"), in such amount as it may from time to time determine. The pledge of Net Revenues shall at all times be and remain subordinate and inferior in all respects to the pledge of Net Revenues securing the Bonds. Junior Bonds may be issued to secure funds to defray the cost of improving, extending, enlarging or repairing the System, including the acquisition of a system to be combined into the System, or to refund Bonds, Junior Bonds, or any notes, bonds, or other obligations issued to finance or to aid in financing the acquisition, construction or improvement of the System. See "APPENDIX C – Summary of Certain Provisions of the Ordinance" under the heading "SUMMARY OF ORDINANCE – Additional Bonds -- *Junior Bonds*."

The City may also enter contracts, leases or other agreements pursuant to which it will agree to construct, operate and pay the costs of Special Facilities which may or may not be discrete and separate units of the System. These Special Facilities may be financed through the issuance of Special Facilities Bonds, subject to certain conditions with respect to the ability of the Special Facilities to generate sufficient revenues to pay for such Special Facilities Bonds. See "APPENDIX C – Summary of Certain Provisions of the Ordinance" under the heading "SUMMARY OF ORDINANCE – Additional Bonds -- *Special Facilities Bonds*."

SOURCES AND USES OF FUNDS

The proceeds of the sale of the 2009 Bonds are expected to be used substantially as follows:

<i>Estimated Sources of Funds</i>	
Principal Amount of 2009 Bonds	[SAMOUNT]
[Plus][Less]: Original Issue [Premium][Discount]	
TOTAL SOURCES OF FUNDS	\$
 <i>Estimated Uses of Funds</i>	
Deposit to Construction Fund of 2009	\$
Costs of Issuance ⁽¹⁾	
TOTAL USES OF FUNDS	\$

⁽¹⁾ Includes Underwriters' Discount and Surety Bond premium, certain legal, accounting and other financing expenses incurred by the City.

THE LETTER OF CREDIT

General

The Letter of Credit is the initial "Credit Facility" as defined in APPENDIX C hereto.

[REVISE UPON RECEIPT OF LOC]

During any Weekly Rate Period, payment of the principal of and interest on the 2009 Bonds will be secured by an irrevocable, direct-pay Letter of Credit to be issued by the Bank on the date of issuance of the 2009 Bonds pursuant to the terms of the Reimbursement Agreement. The Letter of Credit when issued will be in the stated amount of \$ _____ (the "Stated Amount") of which an aggregate amount not exceeding \$ _____ (the "Principal Component") may be drawn upon with respect to the payment of principal of the 2009 Bonds or the principal component of the purchase price of the 2009 Bonds and an aggregate amount not exceeding \$ _____ (the "Interest Component") may be drawn upon with respect to the payment of up to 45 days' interest on the 2009 Bonds or the interest component of the purchase price of the 2009 Bonds (computed at a rate of 12% per annum based on a 365-day year); provided, however, that the amount available to be drawn under the Letter of Credit with respect to interest on the 2009 Bonds or the interest component of the purchase price of the 2009 Bonds will in no event exceed the actual amount of interest accrued on the 2009 Bonds.

The Letter of Credit will terminate on the earliest to occur of any of the following: (i) on _____, 2010 (the "Expiration Date"), (ii) the date on which the principal amount of and interest on the 2009 Bonds shall have been paid in full, (iii) the second Business Day following the date of a conversion of the interest rate on the 2009 Bonds to other than the Daily Rate or the Weekly Rate, (iv) the date on which the Bank honors the draft drawn on the Letter of Credit to purchase the 2009 Bonds following receipt by the Trustee of written notice from the Bank that a Reimbursement Agreement Event of Default (as defined below) has occurred and is continuing and a written request from the Bank that the 2009 Bonds be required to be tendered for purchase, (v) the date on which the Bank honors the draft drawn on the Letter of Credit pursuant to the Ordinances following the occurrence of a Reimbursement Agreement Event of Default and an acceleration, (vi) the date the Letter of Credit is surrendered to the Bank by the Trustee for cancellation following acceptance by the Trustee of an Alternate Credit Facility and Alternate Liquidity Facility, or (vii) the date the Bank honors the final drawing available under the Letter of Credit.

Drawings Under the Letter of Credit

[UPDATE UPON RECEIPT OF LOC]

Reduction and Reinstatement of the Letter of Credit

[UPDATE UPON RECEIPT OF LOC].

See "APPENDIX F – SPECIMEN LETTER OF CREDIT"

SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT

The Bank has certain rights of consent and certain other covenants, which can be waived solely at the behest of the Bank. These rights and covenants do not extend to the Owners of the 2009 Bonds. The Supplemental Ordinance provides that while the Letter of Credit is in effect and the Bank has not dishonored any draw under the Letter of Credit, to the extent the provisions of the Ordinances require the consent, request, direction, approval, objection, or other similar action of the Owners of the 2009 Bonds, the Bank shall be deemed the sole Owner of the 2009 Bonds for the purpose of such consent, request, direction, approval, objection, or other similar action.

The Letter of Credit will be issued pursuant to the Reimbursement Agreement that provides for, among other things, repayment by the City of amounts drawn under the Letter of Credit.

[TO COME]

Notwithstanding anything in the Reimbursement Agreement or in any Related Document to the contrary, to the extent the holder of a bond secured on parity with the 2009 Bonds, or any other Person, is permitted to accelerate or otherwise cause the maturity of indebtedness secured by the Revenues (as defined in the Ordinance) to become due prior to its scheduled terms, upon the occurrence of a Reimbursement Agreement Event of Default under the Reimbursement Agreement, the Bank may immediately declare all obligations under the Reimbursement Agreement to be, and such amounts shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are thereby waived by the City.

PLAN OF FINANCE

An aggregate of \$ _____ of the proceeds of the 2009 Bonds will be deposited with a bank designated by the City into the Construction Fund of 2009 established pursuant to the Supplemental Ordinance. Moneys on deposit in the Construction Fund of 2009 will be used, as needed, to finance the costs of the 2009 Projects, including without limitation payment of engineering, legal and all other expenses incidental to the 2009 Projects. Prior to their use, all moneys in the Construction Fund of 2009 shall be invested and reinvested in authorized investments as provided in the Ordinance. All earnings therefrom shall be added to and become a part of the Construction Fund of 2009. Withdrawals from the Construction Fund of 2009 shall be made in the manner prescribed by the City.

The 2009 Projects involve ongoing capital improvements to the System. These capital improvements include improvements, extensions and enlargements to the System, including any one or more of the following: (a) water rehab and fire protection, (b) water and sewer system expansions, (c) new water storage facilities, (d) water

treatment plant upgrades, (e) sewer rehab, (f) metro WWTP upgrades, and (g) any other matters with respect to the above improvements and such other improvements as the City may deem necessary or incidental to the System. Construction is expected to begin in 2009, and scheduled to be completed by or before 2012.

FINANCIAL FACTORS

Five-Year Summary

The following table sets forth a summary of the operating revenues, operating expenses, nonoperating revenues and expenses and changes in net assets of the System for the fiscal years ended June 30, 2005, through June 30, 2008 and for the fiscal year ended June 30, 2009 (unaudited). Except for the financial information presented for fiscal year 2009, this summary should be read in conjunction with the audited financial statements of the City for the applicable fiscal years, copies of which are available for inspection at the City. Included as Appendix A to this Official Statement are the City's audited financial statements for the fiscal year ended June 30, 2008.

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<i>Unaudited 2009</i>
Operating Revenues					
Charge for Services	\$75,148,777	\$87,076,564	\$97,987,282	\$112,323,546	\$109,323,926
Other Operating Revenue	<u>1,451,912</u>	<u>1,762,359</u>	<u>317,396</u>	<u>386,898</u>	<u>389,487</u>
Total Operating Revenues	\$76,600,689	\$88,838,923	\$98,304,678	\$112,710,444	\$109,713,413
Operating Expenses					
Adm. & Maintenance	\$43,989,246	52,088,175	52,047,727	60,612,447	60,043,160
Depreciation		16,686,970	18,169,069	18,743,982	18,994,082
Bad Debt Expense	<u>823,051</u>	<u>1,259,772</u>	<u>1,389,048</u>	<u>735,521</u>	<u>300,050</u>
Total Operating Expenses	\$60,089,928	\$70,034,917	\$71,605,844	\$80,091,950	\$79,337,292
Operating Income	\$16,510,761	\$18,804,006	\$26,698,834	\$32,618,494	\$30,376,121
Non-operating Revenues (Expenses)					
Interest Revenue	\$2,063,371	\$3,806,915	\$3,397,872	5,449,196	2,943,016
Other Non Operating Revenue	144,142	80,530	81,588	79,794	89,544
Gain (Loss) From Sale of Assets	55,863	0	(126,728)	(225,213)	27,839
Interest Expense	(6,869,702)	(7,468,923)	(7,040,903)	(7,195,218)	(6,801,136)
Intergovernmental Expenses	0	0	(368,078)	(631,922)	0
Other	<u>(412,822)</u>	<u>(288,366)</u>	<u>(284,280)</u>	<u>(141,809)</u>	<u>(141,809)</u>
Income Before Transfers and Capital Contributions	\$11,491,613	\$14,934,162	\$22,358,305	\$29,953,322	\$26,493,575
Transfers	(7,295,375)	(5,740,755)	(10,402,889)	(3,962,213)	(6,429,780)
Capital Contributions	<u>8,237,095</u>	<u>13,738,679</u>	<u>12,161,089</u>	<u>12,847,905</u>	<u>8,358,780</u>

¹Unaudited June 30, 2009, prepared on modified cash basis.

[Management's Discussion and Analysis]

Historical Debt Service Coverage of the System

The following table sets forth the Revenues, Expenses of Operating and Maintaining the System, Net Revenues (as such terms are defined in the Ordinance), debt service requirements and debt service coverage of the System for the fiscal years ended June 30, 1999 through 2008.

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Expenses of Operating and Maintaining the System</u>	<u>Net Revenues</u>	<u>Total Debt Service Requirements</u>	<u>Coverage</u>
1999	\$ 65,554,713	\$ 24,357,987	\$ 41,196,726	\$ 15,167,408	2.72
2000 ¹	71,342,820	27,326,824	44,015,996	16,761,644	2.63
2001	79,051,017	29,725,288	49,325,729	20,401,563	2.42
2002	77,671,344	30,065,653	47,605,690	20,405,440	2.33
2003	78,738,660	34,344,036	44,394,624	20,095,478	2.21
2004	77,856,380	41,522,519	36,333,861	20,093,839	1.81
2005	78,864,065	44,812,297	34,051,768	20,087,283	1.70
2006	92,726,369	53,347,947	39,378,422	21,967,737	1.79
2007	101,657,409	53,436,775	48,220,634	17,164,584	2.81
2008	118,249,184	61,100,493	56,666,253	17,284,000	3.28

¹Increases from fiscal year 2000 is primarily attributable to a rate increase effective July 1, 2000.

Projected Debt Service Requirements of the System

The following table sets forth the debt service requirements effective at the time of issuance of the 2009 Bonds for the outstanding principal amount of the 1993 Bonds, the 1999 Bonds, the 2001 Bonds, the 2005 Bonds and the 2009 Bonds.

Fiscal Year	1993 Bonds	1999 Bonds	2001 Bonds	2005 Bonds	2009 Bonds			Total Debt Service
					Principal	Interest	Total	
2009	\$9,057,677.50	\$3,190,375	\$2,042,930	\$3,000,000				
2010	9,060,352.50	3,191,375	2,044,975	3,000,000				
2011	9,060,312.50		5,231,425	3,000,000				
2012	9,051,712.50		5,234,625	3,000,000				
2013			5,231,625	3,000,000				
2014			5,234,875	3,000,000				
2015			5,238,625	3,000,000				
2016			5,233,000	3,000,000				
2017			5,232,750	3,000,000				
2018			5,236,750	3,000,000				
2019			5,234,250	3,000,000				
2020				8,000,000				
2021				7,750,000				
2022				7,155,000				
2023				7,157,250				
2024				7,157,750				
2025				7,156,000				
2026				7,156,500				
2027				7,213,500				
2028				6,713,500				
2029				6,708,500				
2030				6,704,250				
Total*	\$36,230,055	\$6,381,750	\$51,195,830	\$111,872,250				

*Totals may not add up due to rounding.

Projected Debt Service Coverage of the System

Debt service coverage as projected and prepared by the City for the fiscal years ended June 30, 2009 through 2013 is as set forth below. For purposes of this table, Net Revenues Available for Debt Service for each of such fiscal year is assumed to be equal to Net Revenues for the year ended June 30, 2008.

Fiscal Year	Net Revenues Available for Debt Service ¹	Existing Debt Service Requirements	Projected 2009 Bonds Debt Service	Total Projected Debt Service Requirements	Coverage
2009	\$56,666,253	\$17,290,983	-	\$17,290,983	3.28
2010	56,666,253	17,296,703	2,995,153	20,291,855	2.79
2011	56,666,253	17,291,738	4,364,292	21,656,029	2.62
2012	56,666,253	17,286,338	4,364,292	21,650,629	2.62
2013	56,666,253	8,231,625	4,364,292	12,595,917	4.50

¹ Based on actual Net Revenues figure for fiscal year ended June 30, 2008.

The figures set forth in the table above are estimates. The actual results of operations of the System will be dependent upon the amounts by which revenues and expenses increase or decrease. Revenues will be dependent upon the actual number of System customers, levels of customer usage, the rates charged by the City and other factors. Expenses will be dependent upon the actual levels of customer usage, the number of customers, rates, the cost of treating water and wastewater, future maintenance requirements, financing needs and other factors. Further, estimates of debt service take into account solely the 2009 Bonds, the 2005 Bonds, the 2001 Bonds, the 1999 Bonds and the 1993 Bonds, and do not take into account future indebtedness. No assurance can be given that the estimates set forth above will be realized.

Debt Structure

1993 Bonds

Pursuant to the General Ordinance and a First Supplemental Ordinance enacted May 21, 1993, the City issued the 1993 Bonds in the original principal amount of \$74,765,000 to advance refund a portion of the Senior Lien Bonds and all of a series of bonds issued in 1989. The 1993 Bonds are presently outstanding in the principal amount of \$24,470,000.

1999 Bonds

Pursuant to the General Ordinance and a Second Supplemental Ordinance enacted by the City Council on September 22, 1999, the City issued the 1999 Bonds in the original principal amount of \$61,125,000 to defray the costs of improvements to the System. The 1999 Bonds are presently outstanding in the principal amount of \$3,025,000. A portion of the 1999 Bonds was advance refunded with proceeds of the 2001 Bonds.

2001 Bonds

Pursuant to the General Ordinance and a Third Supplemental Ordinance enacted by the City Council on October 24, 2001, the City issued the 2001 Bonds in the original principal amount of \$41,500,000 to advance refund a portion of the Senior Lien Bonds and advance refund a portion of the 1999 Bonds. The 2001 Bonds are presently outstanding in the principal amount of \$37,550,000.

2005 Bonds

Pursuant to the General Ordinance and a Fourth Supplemental Ordinance enacted by the City Council on May 18, 2005 the City issued the 2005 Bonds in the original principal amount of \$60,000,000 to defray the costs of improvements to the System. The 2005 Bonds are presently outstanding in the principal amount of \$60,000,000.

Junior Lien Pledge

The City's payment obligations under the Series 2009 Swap, including any termination payment, if any, are secured by a pledge of Net Revenues junior and subordinate in all respects to the pledge securing the Bonds or any other obligation or form of indebtedness, including lease purchase obligations secured by a pledge of Net Revenues, after provision has been made for all payments required to be made with respect to the Bonds.

THE CITY AND THE SYSTEM

General Description

The System is owned and operated by the City, located in the geographic center of the State. The City, which was founded in 1786, is the county seat of Richland County and the capital of the State. In addition to being the governmental center of the State, the City is also a business, finance, education and transportation center of the State.

The System provides water treatment and distribution services through its waterworks unit ("Waterworks Unit") to approximately 133,649 billed water accounts in the Columbia Metropolitan Statistical Area ("Columbia MSA"), including approximately 39,799 in-City customers and 93,850 out-of-City customers. The System provides sewer treatment and collection services through its sewer unit ("Sewer Unit") to approximately 68,507 billed sewer

customers in the Columbia MSA, including approximately 32,503 in-City customers and 36,004 out-of-City customers. See “-Service Area” herein for further information on the territory served by the System.

Administration of the City

The City is governed by a council-manager form of government. The Mayor and City Council, who are elected for four-year staggered terms, are vested with the legislative and policy-making powers of the City. Day-to-day activities are administered by a council-appointed City Manager who serves as the chief executive officer of the City and is responsible to the City Council for proper administration of all affairs of the City.

The present members of the City Council, their occupations and the dates on which they became members of the City Council are as follows:

<u>Name</u>	<u>Occupation</u>	<u>Tenure Began</u>
Robert D. Coble, Mayor	Attorney	7/1/90
E.W. Cromartie, II	Attorney	4/6/83
Sam Davis	S.C. Department of Disabilities and Special Needs	7/1/98
Tameika Isaac Devine	Attorney	7/1/02
Kirkman Finlay, III	Business Owner	7/1/06
Belinda Gergel	Retired Educator	4/1/08
Daniel J. Rickenmann	Business Owner	7/1/04

Steven A. Gantt was appointed the Interim City Manager in _____, 2009. Prior to his current position, he served as the Senior Assistant City Manager for Operations beginning in July, 2002. Mr. Gantt graduated from Clemson University and later earned a Master’s Degree in Public Administration from the University of South Carolina. Over the last 30 years, Mr. Gantt has held various managerial positions in both the private and public sectors including serving as the Executive Director of the Irmo-Chapin Recreation Commission and the Special Projects Administrator of the City.

William H. Ellis was appointed the Deputy Finance Director on _____, 2009. Prior to his current position, he served as the _____ from _____ to _____. Mr. Ellis graduated from _____. Mr. Ellis has held various accounting positions in both the private and public sectors including serving as the [describe].

For further information regarding the City and the Columbia MSA, see Appendix B attached hereto.

Administration of the System

The System is administered by the City through the City Manager. Under the City Manager’s direction, the financial operations of the System are administered by the Finance Director of the City. The Utilities Department operates the System’s two water treatment plants, water storage and pumping stations and the wastewater plant and sewer lift stations and maintains all water distribution and treatment sewer collection mains. A total of approximately 464 persons are employed in managerial, clerical, maintenance and other capacities relating to the System.

The Director of Utilities and Engineering is John J. Dooley, Jr., a registered professional engineer with over 35 years experience. Mr. Dooley was in private practice as an engineer prior to coming to the City in 1989. He first served as City Engineer from 1989 to 1991 and then from 1991 to 2004 served as Director of Utilities. He was appointed to his current position in 2004.

Initial recommendations for expansion or renovation of the System are made by the Director of Utilities and Engineering. The recommendations are then reviewed by the City Manager and submitted to the City Council for review and approval as part of the budget process. Increases in rates for the System are always reviewed and adopted by the City Council prior to going into effect.

Accounting Policies

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss or unauthorized use or disposition and to ensure that adequate accounting data are compiled to allow for preparation of financial statements of the City in conformity with generally accepted accounting principles.

The City has a policy of preparing its general purpose financial statements (including that portion relating to the System) in conformity with generally accepted accounting principles. In addition, Section 5-7-240, Code of Laws of South Carolina 1976, as amended, requires that the financial statements be audited annually by independent certified public accountants.

Budgeting Procedure

The City uses a modified program budget based on the various functions and activities in the City. The budget process begins with the development of an Annual Activity Work Plan by each department and division. These plans are due by the end of November. The City Manager reviews these plans in December and gives departments and divisions input on what the City Manager wants to emphasize in the upcoming budget. Budgets are then developed in the departments and divisions and submitted to the City Manager by the beginning of February. The City Manager reviews and revises these budgets in March, and the City Manager's recommended budget is submitted in April to City Council for final approval prior to the beginning of each fiscal year on July 1. The operating budget includes proposed expenditures and means of financing them. Public hearings are conducted at City Hall to obtain taxpayer comments. The budget is legally enacted through passage of an ordinance. The City Manager is authorized to administer the budget and may authorize the transfer of appropriated funds within and between departments and funds as necessary to achieve the goals of the budget.

The budget is monitored on a monthly basis and revisions are made as necessary to account for changes in anticipated revenues and expenditures.

Service Area

The service area of the Waterworks Unit includes all of the City of Columbia and portions of Richland County and Lexington County, and also includes the Towns of Forest Acres, Arcadia Lakes, Irmo and Chapin and the Fort Jackson Military Reservation ("Fort Jackson"). The service area of the Sewer Unit includes all of the City of Columbia and portions of Richland County including Fort Jackson and portions of Lexington County and the City of West Columbia. The System covers approximately 848 square miles with a population of approximately 375,000 persons living within that area. The population in the overall service area of the System has generally been increasing since the 1950s due in large measure to the growth of the service area of the System outside of the City.

The City has exclusive rights to provide water and sewer services within the City limits and non-exclusive rights outside of the City limits. Both Richland County and Lexington County have the legal authority to provide water and sewer service within the unincorporated areas of those counties not presently served by municipalities or special purpose districts, but each has only provided services on a limited basis. Richland County currently provides water or sewer services only in small, isolated areas. Lexington County and several municipalities in Lexington County have formed a joint municipal water and sewer commission ("Commission") for the purpose of providing water and sewer services on an integrated, county-wide basis, but it is the City's understanding that neither the Commission nor Lexington County intends to provide water or sewer services in unincorporated areas of that county already being served by the City. Several municipalities in Richland and Lexington Counties currently provide water or sewer services to residents within those municipalities. One large special purpose district, East Richland Public Service District, provides sewer services to a portion of Richland County (including certain of the incorporated municipalities therein, *e.g.*, Forest Acres).

Service to areas outside of the City limits currently accounts for approximately 73% of the revenues of the Waterworks Unit and 58% of the revenues of the Sewer Unit of the City. The water rates outside the City are 1.5 times the inside City rates and the sewer rates are double outside the City compared to inside the City. Because the City already has an extensive water and sewer system in place in large areas of both Richland and Lexington

Counties, and because it can offer services to prospective new customers at competitive rates, the City believes that it can continue enlarging the size of its service area in the unincorporated areas of Richland and Lexington Counties.

Ten Largest Customers

The following table sets forth the ten largest water and sewer customers for the 12-month period ending June 30, 2009.

<u>Customer</u>	<u>No. of Meters</u>	<u>Consumption</u> (100 CF)	<u>Water Revenue</u>	<u>Sewer Revenue</u>	<u>Total Revenue</u>
Shaw Industries Group, Inc.		248,907	\$564,437	\$ 0	\$564,437
Pepsi Bottling Group Inc. US		199,467	368,431	26,719	395,150
IBP Columbia Cooked Meats		158,359	75,599	684,295	759,894
Palmetto Health Richland Memorial City Baptist City		139,330	83,617	275,403	362,020
McEntire Produce Inc.		106,318	144,008	190,093	334,101
WJBD Veterans City		87,407	206,212	459,209	665,421
Westinghouse Nuclear Fuel		83,865	116,822	193,537	310,359
Trane		73,188	175,299	0	175,299
Amcors Pet Packaging		63,155	143,884	254,785	398,669
		62,146	-	-	268,277

Waterworks Unit

General

The sources of raw water for the Waterworks Unit are the Broad River, via the Columbia Canal (which has an average flow of 3,000 cfs (cubic feet per second)) and Lake Murray. The City has purchased rights to raw water under contracts with South Carolina Electric & Gas Company ("SCE&G"), which owns these water rights. The contract with respect to water from Lake Murray is for a term that is coterminous with SCE&G's license to operate its Saluda Hydro Station and provides for up to 75 million gallons per day ("MGD"), increasing to 100 MGD by 2010. In 2002, the City acquired the Columbia Hydro Station and the Columbia Canal.

The water treatment plant located on the Columbia Canal ("Columbia Plant") has a raw water pumping capacity of 90 MGD. The Columbia Plant was originally constructed in 1906 and expanded in 1916, 1942, 1954, 1958, 1968 and 2006. The Columbia Plant has a rated capacity for treatment of raw water of 84 MGD. The Columbia Plant is currently producing an average flow of approximately 35 MGD with a maximum demand of 60 MGD. The finished water pumping rated capacity is 102 MGD. The Columbia Plant generally serves the area south of Interstate 20 and east of the Broad River. A major building renovation and filter upgrade was completed in 1998.

The water treatment plant on Lake Murray ("Lake Murray Plant") has a raw water pumping capacity of 75 MGD. The Lake Murray Plant, which was completed in 1982, has been expanded to increase high service (finished water) pumping capacity from 40 MGD to 83 MGD and water treatment capacity from 30 MGD to 55 MGD. The Lake Murray Plant generally serves the area north of Interstate 20 and west of the Broad River. The average raw water pumping rate at the Lake Murray Plant is 35 MGD and the average high service (finished water) pumping rate is 30 MGD. An expansion was completed to increase capacity to 75 MGD.

The City believes that the water sources provided by the Broad River and Lake Murray are adequate to provide ample water to meet the current and foreseeable needs of the System, and that the Columbia Plant and the Lake Murray Plant will be adequate to continue to meet water treatment needs of the System for at least the next 15 years.

Approximately 2,200 miles of predominantly ductile and plastic pipelines, ranging in size from 4-inch to 54-inch diameters, comprise the Waterworks Unit's distribution network. Approximately 55% of the pipelines have been installed within the last 20 years through both expansion and upgrade of the System. The City places considerable emphasis on replacing smaller and deteriorated water mains and installing additional fire hydrants for optimal fire protection, the costs of which are paid from System Revenues and from the proceeds of revenue bonds

of the System. The City maintains two 3-MG storage reservoirs for finished water at the Canal Plant, two 5-MG storage reservoirs at the Lake Murray Plant and 27 other storage tanks with an aggregate storage capacity of 50 MG.

The City owns all of the pipes, storage tanks, pumping stations and water treatment facilities that it uses to distribute water to customers. The pipes and all other parts of the water delivery system are expected to have at least a 75-year useful life. Existing pipes are typically installed in rights-of-way owned by the City, Richland or Lexington County or the State, with new lines being placed in exclusive easements. The City owns in fee simple the land on which the Columbia Plant and Lake Murray Plant are located and most of the land on which pump stations and storage tanks are located.

The City maintains an ongoing program of upgrading, modernization and providing rehabilitation of the Waterworks Unit System, the costs of which are paid from System Revenues and from the proceeds of revenue bonds of the System. See "Capital Expenditures" herein.

Operations

The total number of customers of the Waterworks Unit has grown by over 31% over the past ten years. The major part of the growth has occurred as a result of new out-of-City customers being added. Information on revenues is set forth for both the Waterworks Unit and Sewer Unit on a combined basis in "FINANCIAL FACTORS." The table below shows the number of water customers during the past ten fiscal years:

Number of Billed Customers on Waterworks Unit			
<u>Fiscal Year</u>	<u>In-City</u>	<u>Out-of-City</u>	<u>Total</u>
2000	32,408	69,449	101,857
2001	32,167	72,589	105,756
2002	34,178	74,496	108,674
2003	34,897	78,002	112,899
2004	35,436	79,375	114,811
2005	36,943	83,450	120,394
2006	37,396	86,784	124,180
2007	38,442	88,755	127,196
2008	39,332	92,897	132,229
2009	39,799	93,850	133,649

Special Contracts

The City has entered into contracts with Fort Jackson and the Town of Chapin to provide water service. The contract with Fort Jackson, which was entered into as of March 25, 1987, provides that the City will be paid at rates subject to renegotiation upon the request of either party with reasonable cause. A 16% rate increase went into effect for water service provided to Fort Jackson on January 1, 1994. A five-year contract was negotiated, effective January 1, 1995, with another 11 percent increase at that time. A 16% rate increase went into effect for water service provided to Fort Jackson in July 2003.

The City's contract with the Town of Chapin ("Chapin"), which was entered into on June 29, 1988, provided for the acquisition of the entire water system of Chapin and provided for the City to enjoy the exclusive right to furnish water to Chapin for a period of 30 years. Chapin customers are charged the normal out-of-City rates.

Waterworks Unit Rates

Information on rates and fees of the Waterworks Unit is set forth in "-Water and Sewer Rates and Fees" herein.

Federal and State Requirements

The City of Columbia currently holds a license from the South Carolina Department of Health and Environmental Control ("DHEC") to operate a water treatment and distribution system. The Waterworks Unit

currently meets all federal and State requirements in regard to quality of water. See "Environmental Matters – General."

Sewer Unit

The Sewer Unit consists of over 1,100 miles of sewer lines ranging in diameter from 4 inches to 60 inches, 70 sewage lift stations and a central treatment facility known as the Metropolitan Wastewater Treatment Plant ("Metropolitan Plant"). The Metropolitan Plant, an advanced secondary treatment facility located on the Congaree River three miles south of the City, was built in 1970 and expanded in 1982 to 40 MGD and in 1998 to 60 MGD. Currently the average daily flow is 36 MGD. The City expects that the Metropolitan Plant, as expanded and upgraded, will be adequate to provide sewage treatment for the Sewer Unit through the year 2015.

The City owns all of the sewer lines, lift stations and treatment facilities of the Sewer Unit. The lines and all other parts of the Sewer Unit are expected to have at least a 50-75 year useful life, with proper maintenance. The wastewater collection system is also projected to require approximately \$5.0 million worth of maintenance, upkeep and rehabilitation per year. Existing sewer lines are typically installed in rights-of-way owned by the City, Richland or Lexington County or the State, with new lines being placed in exclusive easements. The City owns in fee simple the land on which the Metropolitan Plant and all lift stations are located.

The City maintains an ongoing program of upgrading and modernization of the Sewer Unit, the costs of which are paid from System Revenues and from the proceeds of revenue bonds of the System. See "Capital Expenditures" herein.

Operations

The total number of customers of the Sewer Unit has grown by over 22% over the past ten fiscal years. The major part of the growth has occurred as a result of new out-of-City customers being added. Information on revenues is set forth for both the Sewer Unit and the Waterworks Unit on a combined basis in "FINANCIAL FACTORS." The table below shows the number of customers of the Sewer Unit over the past ten fiscal years.

Number of Billed Customers on Sewer Unit

<u>Fiscal Year</u>	<u>In-City</u>	<u>Out-of-City</u>	<u>Total</u>
2000	28,080	28,194	56,274
2001	28,624	29,244	57,868
2002	29,230	29,829	59,059
2003	29,744	30,817	60,561
2004	30,235	31,188	61,423
2005	31,114	32,137	63,253
2006	31,110	32,932	64,042
2007	31,820	34,028	65,848
2008	32,280	35,506	67,786
2009	32,503	36,004	68,507

Special Contracts

The City entered into a contract with the City of West Columbia in 1975 and with Fort Jackson in 1967. The parties agreed to contribute financially to the construction, operation, maintenance, supervision and repair of certain components of the Sewer Unit. The City assumed responsibility for the operation of these components, in return for which the City is paid a base monthly charge plus various other charges based on gallons of sewage discharged.

Sewer Unit Rates

Information on rates and fees of the Sewer Unit is set forth in "Water and Sewer Rates and Fees" herein. The most recent rate increase became effective July 1, 2008.

Federal and State Requirements

The Sewer Unit currently holds a license from DHEC to operate a sewage treatment system. The Sewer Unit currently meets all federal and State requirements in regard to sewage treatment. See “Environmental Matters – General.”

Water and Sewer Rates and Fees

General

The rates charged by the City for water and sewer service are not subject to approval by any federal or State regulatory body. The City’s rates, as increased effective July 1, 2008, are set forth below. The average monthly water and sewer bill, based upon water usage of 800 cubic feet, for an in-City user based on such revised rates, is \$39.22 and for an out-of-City user is \$68.06. The City has regularly increased rates as necessary, and effected rate increases in 1996, 1998, 2000, 2002, 2006, 2007 and 2008, to provide sufficient revenues for payment of projected increased costs of operation, expansion of the System, increases in debt service and to maintain required debt service coverage ratios. See “Historical Debt Service Coverage of the System” and “Projected Debt Service Coverage of the System.”

Water Rates

<u>Monthly Water Use (in cubic feet)</u>	<u>Meter Size</u>	<u>Monthly Water Service Rates</u>	
		<u>In-City</u>	<u>Out-of-City</u>
Minimum 300	5/8"	\$5.45	\$8.82
	1"	9.10	14.72
	1 ½"	12.75	20.62
	2"	20.00	32.36
	3"	34.58	55.93
	4"	63.68	102.99
	6"	136.47	220.73
		<u>Additional Rates (per 100 cubic feet)¹</u>	
		<u>In-City</u>	<u>Out-of-City</u>
Next 9,700		\$1.71	\$ 2.77
Next 90,000		1.60	2.59
Over 100,000		1.52	2.47

¹Applicable to all residential and commercial users and all industrial users where monthly consumption is less than 1,000 cubic feet.

Commercial Water Rates - Out-of-City

<u>Monthly Water Use (in cubic feet)</u>		<u>Commercial Monthly Water Service Rates (Out-of-City)</u>
Minimum 100	Meter Size (see above)	
Additional Rates (per 100 cubic feet)		
Next 9,700		\$2.65
9701- 90,000		\$2.47
Over 90,001		\$2.34

Sewer Rates

<u>Consumption (in cubic feet)</u>	<u>Monthly Sewer Service Rates</u>	
	<u>In-City</u>	<u>Out-of-City</u>
300	\$ 12.47	\$ 22.44
500	17.57	31.62
700	22.67	40.80
1,100	32.87	59.16
1,900	53.27	95.88
3,500	94.07	169.32
7,500	196.07	352.92
10,800	280.22	504.39
20,900	537.77	967.98

<u>Monthly Water Use (in cubic feet)</u>	<u>Monthly Sewer Service Rates</u>	
	<u>In-City</u>	<u>Out-of-City</u>
Base	\$4.82	\$8.67
For each additional 100 cubic feet add	2.55	4.59

Maximum sewer service rates on single-family residences during the months of April through October are based on a use of 1,400 cubic feet of water and during the months of November through March are based on actual usage. Sewer rates for apartment buildings and trailer parks are the base rate per dwelling unit plus the rate per 100 cubic feet reflected by water consumption. Sewer rates for hotels, motels, dormitories and rooming houses are one-half of the base rate plus the rate per 100 cubic feet reflected by water consumption.

Comparison of Water Rates in the Columbia MSA

Currently, there are six providers of water in the Columbia area: Lexington Water System, Carolina Water Service, Midlands Utilities, the City of Columbia, the City of West Columbia and the City of Cayce. The chart below compares current average monthly water bills for each of the three largest providers of water service.

<u>Company/Municipality</u>	<u>Average Monthly Water Bill*</u>	
	(in-city)	(out-of-city)
City of Columbia	\$ 12.29	\$ 19.90
City of West Columbia	13.10	27.35
City of Cayce	18.89	37.78

*Based on 5,250 gallons of water

Water and Sewer Tap Fees

The City charges new customers to the Waterworks Unit a tap fee that ranges from \$2,512.00 for a 5/8-inch meter to \$8,490.00 for a 2-inch meter. The City charges new customers to the Sewer Unit a tap fee of \$3,940.00 for each tap. Water and sewer tap fees generated a total of \$6,338,210 in revenues for the System in fiscal year 2008.

Sewer Plant Expansion Fees

The City began charging new customers of the Sewer Unit a sewer plant expansion fee on October 1, 1987. The fee is intended to provide an additional source of moneys for upgrading and expansion of the Metropolitan Plant. Sewer Unit plant expansion fees generated a total of \$4,666,020.17 in revenues in fiscal year 2008.

Water and Sewer Billing and Collection Policies

New account fees are charged to customers (new and existing) with request for service. Bills are mailed to customers on a periodic basis throughout the month and are payable upon receipt. Customers receiving both water and sewer services receive combined bills for these services. Water or sewer service accounts two months in arrears are terminated for non-payment. Advance notice of 10 days is given prior to such action.

Capital Expenditures

The City has expanded and improved the System with proceeds of revenue bonds and Revenues of the System. During fiscal years 2005 through 2009, the City allocated a total of \$144,396,345.43 from Revenues for System expansion and improvement. In this regard, the City has used a combination of year ended June 30, 2008, and accumulated System Revenues to defray the costs of such improvements. The following table shows the amounts financed from System Revenues for capital improvements during fiscal years 2005 through 2009.

<u>Fiscal Year Ended June 30</u>	<u>Capital Improvements Financed from System Revenues</u>
2005	\$ 23,823,329.00
2006	11,709,254.00
2007	37,798,928.00
2008	33,112,622.00
2009	<u>37,952,212.43</u>
TOTAL	144,396,345.43

The City's ongoing plan for capital expenditures is structured as a series of five-year Capital Improvements Programs. These programs are updated annually. The City's Capital Improvements Program for fiscal years 2009-2013 projects expenditures of approximately \$595,852,808.00 for engineering, storage tanks, water plant additions, increased sewer capacity, lines, pump stations, easements and land. The City expects to pay for its Capital Improvements Program with a combination of Revenues of the System and proceeds of Bonds.

A summary of the Capital Improvements Program for the fiscal years ending June 30, 2009-2013 is as follows:

<u>Fiscal Year</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
2009	\$ 48,433,200	\$ 50,700,000	\$ 99,133,200
2010	45,804,735	49,502,086	95,306,821
2011	11,802,096	52,371,300	64,173,396
2012	24,021,709	33,921,940	57,943,649
2013	<u>13,177,959</u>	<u>21,173,813</u>	<u>\$34,351,772</u>
TOTAL	\$ 143,239,699	\$ 207,669,139	\$ 350,908,838

Of the total set forth above, the City expects the following amounts to be paid from System Revenues. The balance will be paid from the proceeds of Bonds as necessary:

<u>Fiscal Year</u>	<u>Total Costs Paid from System Revenues</u>
2009	\$ 18,947,088
2010	15,886,015
2011	15,136,133
2012	14,117,538
2013	<u>18,752,787</u>
TOTAL	\$ 82,839,561

Environmental Matters

General

Operation of the System is subject to regulation by certain federal, State and local authorities. Federal and State standards and procedures that currently regulate and control operation of the System may change from time to time as a result of continuing legislative, regulatory and judicial action. Therefore, there is no assurance that the facilities comprising the System currently in operation, under construction or contemplated will always remain subject to the regulations currently in effect, or will always be in compliance with future regulations.

An inability to comply with various governmental regulations and standards could result in reduced operating levels or complete shutdown of such facilities not in compliance. Furthermore, compliance with such governmental regulations and standards may substantially increase capital and operating costs.

Permits and Ordinances

The System currently is in compliance with all regulatory requirements of the United States Environmental Protection Agency ("EPA") and DHEC, and the requirements and conditions of all permits required to operate the System are in order. The City currently either has the following permits in effect or expects to make the following permit applications:

<u>Permit</u>	<u>Effective Date</u>	<u>Expiration Date</u>	<u>Description</u>
EPA Water Pollution Control Permit #SC0020940	September 1, 2006	August 31, 2009	Authorization to discharge wastewater in accordance with the National Pollutant Discharge Elimination System into waters of the Congaree River
Air Quality Control Permit #1900-0021	April 30, 2009	March 31, 2019	Authorization to operate incinerators for wastewater sludge disposal
Annual Operating Permit, System #401001	Permitted annually	July 1, 2010	Authorization to operate a water treatment plant
S.C. Water Resources Commission, Interbasin Transfer Permit 1013-IB	August 29, 2008	August 29, 2028	Authorization to transfer water between river basins in South Carolina

The City has had a Wastewater Services Ordinance in place since March 19, 1974. Subsequent revisions to this ordinance have been made to reflect changes in federal, State and local standards. The City has operated an Industrial Pretreatment Program pursuant to the Federal General Pretreatment Regulations and approved by DHEC since October 1, 1984. The City includes the City of West Columbia under this program pursuant to an

interjurisdictional agreement executed January 8, 1986. Five categorical and eight significant non-categorical industries are currently regulated under this Program.

The City is permitted under a storm water group permit for the Metropolitan Plant.

Fringe Benefits, Retirement and Health Insurance and Other Post-Employment Benefits

In June 2004, the Governmental Accounting Standards Board ("GASB") approved the final set of accounting standards applicable to Other Post-Employment Benefits ("OPEB"), which are non-pension benefits provided after a person leaves employment. The standards are explained in GASB Statement Nos. 43 and 45. For the City, eligible full-time employees are members of the South Carolina Retirement System ("Retirement System") and are covered by its pension plan. The Retirement System is a cost-sharing, multiple-employer, defined benefit pension plan. The Retirement System provides both retirement and death benefits on an employee and employer contribution basis. Member employees currently contribute 6.5% of their annual compensation. Employer contribution is 10.95% which includes a 3.25% surcharge to fund retiree health and dental insurance coverage. Total employer retirement contributions to the Retirement System paid on behalf of the System amounted to \$4,151,122 for the fiscal year ended June 30, 2008.

The City has paid, as required, contributions for fringe benefits and insurance as they come due, and there are no liabilities for underfunding of the current amounts due for these benefits.

The new GASB accounting standards were implemented and took effect with respect to the City's financial statements during the fiscal year ending June 30, 2009. In anticipation of that effective date, the City engaged the services of an actuarial firm to make a determination of the City's OPEB liability that would be recognized for the fiscal year ending June 30, 2009.

Currently, the City's OPEB benefits are unfunded, in that there is no separate trust fund or equivalent arrangement into which the State makes contributions to advance fund the obligation. There is no present requirement by GASB or any state or federal statute or regulation to pre-fund the OPEB obligations. The new accounting standard requires only that the City measure, recognize, and disclose the obligation in its financial statements.

At this time, it cannot be predicted what effect the implementation of GASB Statement Nos. 43 and 45 will have on the City.

Liability Insurance

The City maintains fire and casualty insurance on the Columbia Plant, the Lake Murray Plant, the Metropolitan Plant and other parts of the System. Subject to specific immunity set forth in the South Carolina Tort Claims Act, the City, like other local governments, is liable for damages not to exceed \$300,000 per incident/person and \$600,000 per occurrence/aggregate for torts. No punitive or exemplary damages are permitted under the Tort Claims Act. The City currently self-insures against tort liability up to the limits set forth in the South Carolina Tort Claims Act.

INTEREST RATE SWAPS AND OTHER OBLIGATIONS

The City has entered into an ISDA Master Agreement and an accompanying schedule and a credit support annex (collectively, the "Master Agreement") with JP Morgan Chase Bank, N.A. (in such capacity, the "Counterparty"), all effective on or prior to the date hereof, to establish the general terms under which various interest rate swap and other derivative transactions may be entered between such parties.

The Series 2009 Swap

Effective September 20, 2007, and pursuant to the written confirmation to the Master Agreement to be dated on or about such date between the City and the Counterparty, the City has entered into a "fixed payor" interest rate swap agreement with the Counterparty (the "Series 2009 Swap") to enable the City to synthetically hedge a portion of its variable rate interest exposure relative to the Bonds during the term of the Series 2009 Swap. The Series 2009

Swap obligates the City to pay the Counterparty a fixed rate, on a notional amount equal to [describe terms of swap]. The goal of the Series 2009 Swap is, thus, effectively to convert the City's variable rate exposure under the hedged portion of the Bonds during the term of the Series 2009 Swap to a hedged fixed rate (subject to applicable basis risks associated with the actual correlation of such variable rate index with the actual variable rate of such Bonds). The Series 2009 Swap will expire in accordance with its terms (unless earlier terminated) on February 1, 2038, which is a date coterminous with the final maturity date of the Bonds.

Under certain circumstances, some of which may be beyond the control of the City, the Series 2009 Swap is subject to termination prior to the scheduled termination date including upon the occurrence of certain events of default. Such events of default include without limitation (i) failure to pay or deliver any payment required to be made under the Master Agreement, (ii) breach of Master Agreement, (iii) credit support default, (iv) misrepresentation, (v) default under a specified derivative transaction, (vi) cross default, (vii) bankruptcy and (viii) merger of party or any guarantor of such party without assumption of such party's obligations by the resulting entity.

In addition to the foregoing, the Counterparty has the right, but is not required, to terminate the Series 2009 Swap in the event that the rating of the long-term unsecured debt (without credit or structural enhancement) of the City is withdrawn, suspended for more than 30 days or reduced below "BBB" by S&P or "Baa2" by Moody's. Correspondingly, the City has the right, but not be required, to terminate the Series 2009 Swap in the event that the rating of the long-term unsecured debt (without credit or structural enhancement) of the Counterparty is withdrawn, suspended for more than 30 days or reduced below "BBB" by S&P or "Baa2" by Moody's.

In the event of an early termination of the Series 2009 Swap, the City may owe a termination payment to the Counterparty or, conversely, the Counterparty may owe a termination payment to the City. Such a termination payment generally would be based upon the market value of the Series 2009 Swap on the date of termination. Any such amount that may be owed by the City with respect to the Series 2009 Swap cannot currently be calculated, may be substantial, and may materially adversely affect the City's ability to pay debt service on the Bonds. Uninsured swap payments are not secured on a parity basis.

In addition, a partial termination of the Series 2009 Swap could occur to the extent that any Bonds are redeemed pursuant to an optional redemption. If such an optional redemption occurs, a termination payment related to the portion of the Series 2009 Swap terminated may be owed to either the City or the Counterparty, depending on market conditions at that time. Moreover, the Series 2009 Swap can be terminated upon mutual agreement of the Counterparty and the City. There is no guarantee the Series 2009 Swap will be outstanding for its stated term.

The payment obligations of the City under the Series 2009 Swap will not alter or affect the obligation of the City to pay or make payments with respect to the principal of, redemption price of and interest on the Bonds. The Counterparty has no obligation to make payments directly to the holders of the Bonds. The holders of the Bonds have no contractual or other rights or claims against the Counterparty for payment of the Bonds. The Series 2009 Swap does not provide a source of security or other credit for the Bonds.

Additional Derivative Agreements

In addition to the Series 2009 Swap, the City may in the future enter into one or more additional interest rate swap or other derivative transactions, whether pursuant to the Master Agreement or otherwise and whether with the Counterparty or one or more other swap counterparties, to the extent not prohibited by the Ordinance. The extent or effect of any such additional transactions cannot be known as of the date of this Official Statement.

SPECIAL CONSIDERATIONS

Market Risks

The ability of a Bondholder to tender its 2009 Bond for purchase is dependent on the ability of the Remarketing Agent to remarket tendered 2009 Bonds or the ability of the Bank to purchase such 2009 Bonds. Upheavals in the financial markets may make the ability to remarket 2009 Bonds difficult or impossible. In addition, no assurance can be given that Wachovia Bank, National Association, will continue in the municipal market or in fact that it will continue as an entity. The recent departure of certain investment banking firms from the securities market and the

bankruptcy of others has reduced the number of firms willing to serve as remarketing agents. Without a remarketing agent, it will not be possible to remarket tendered 2009 Bonds.

The recent credit crisis has called into question the financial strength and even the survival of a number of financial institutions. No assurance can be given that the Bank will be in a position to purchase tendered 2009 Bonds or honor draws on the Letter of Credit. In fact no assurance can be given that the Bank will survive as an entity.

The Remarketing Agent Is Paid by The City

The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Supplemental Ordinance and the Remarketing Agreement), all as further described in this Official Statement. The Remarketing Agent is appointed by The City and is paid by The City for its services. As a result, the interests of the Remarketing Agent may differ from those of existing Bondholders and potential purchasers of 2009 Bonds.

The Remarketing Agent Routinely Purchases Bonds for Its Own Account

The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account in order to achieve a successful remarketing of the obligations (i.e., because there are otherwise not enough buyers to purchase the obligations) or for other reasons. The Remarketing Agent is permitted, but not obligated, to purchase tendered 2009 Bonds for its own account and, if it does so, it may cease doing so at any time without notice. The Remarketing Agent may also make a market in the 2009 Bonds by routinely purchasing and selling 2009 Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the 2009 Bonds. The Remarketing Agent may also sell any 2009 Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the 2009 Bonds. The purchase of 2009 Bonds by the Remarketing Agent in connection with an optional or mandatory tender or otherwise may create the appearance that there is greater third party demand for the 2009 Bonds in the market than is actually the case. The practices described above also may result in fewer 2009 Bonds being tendered in a remarketing.

2009 Bonds May Be Offered at Different Prices on Any Date Including a Date on Which an Interest Rate Is Determined

Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the minimum rate of interest *per annum* that would permit the sale of the 2009 Bonds bearing interest at the Weekly Interest Rate at par plus accrued interest, if any, on and as of the applicable date the Weekly Interest Rate is determined. The interest rate will reflect, among other factors, the level of market demand for the 2009 Bonds (including whether the Remarketing Agent is willing to purchase 2009 Bonds for its own account). There may or may not be 2009 Bonds tendered and remarketed on the date the Weekly Interest Rate is determined, the Remarketing Agent may or may not be able to remarket any 2009 Bonds tendered for purchase on such date at par and the Remarketing Agent may sell 2009 Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the 2009 Bonds at the remarketing price. In the event the Remarketing Agent owns any 2009 Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such 2009 Bonds on any date, including the date the Weekly Interest Rate is determined, at a discount to par to some investors.

The Ability to Sell the 2009 Bonds Other Than through Tender Process May Be Limited

The Remarketing Agent may buy and sell 2009 Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their 2009 Bonds to do so through the Tender Agent, with appropriate notice. Thus, investors who purchase the 2009 Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their 2009 Bonds other than by tendering the 2009 Bonds in accordance with the tender process. In addition, the

Supplemental Ordinance requires that the Remarketing Agent seek to remarket any Bank Bonds prior to remarketing any other 2009 Bonds tendered for purchase.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the 2009 Bonds upon an event of default under the Ordinance are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the federal bankruptcy code, the Ordinance and the 2009 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2009 Bonds (including co-Bond Counsels' approving opinions) will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of credits enacted before or after such delivery.

LEGAL MATTERS

Litigation

No litigation, to the knowledge of the City, is threatened in any court to restrain or enjoin the issuance or delivery of the 2009 Bonds or the collection, payment or receipt of the moneys pledged or to be pledged to pay the principal of, premium, if any, and interest on the 2009 Bonds or, in any way contesting or affecting the validity of the 2009 Bonds or the General Ordinance or Supplemental Ordinance, the power to collect, pay or receive the moneys with which to pay the 2009 Bonds or the organization or the powers of the City, including the power to operate the System and to collect revenues therefrom.

Opinions of Co-Bond Counsel

Certain legal matters with regard to the issuance of the 2009 Bonds are subject to the approval of McNair Law Firm, P.A., Columbia, South Carolina, and The Charleston Group, Columbia, South Carolina, as Co-Bond Counsel, whose approving opinions will be available at the time of the delivery of the 2009 Bonds. In the opinion of McNair Law Firm, P.A., as Bond Counsel, based upon existing statutory rulings and court decisions, and subject to the qualifications set forth under "Tax Exemption and Other Tax Matters" below, the interest on the 2009 Bonds is excludable from gross income for federal income tax purposes. The proposed forms of Co-Bond Counsels' opinions appear as Appendix D to this Official Statement.

Tax Exemption and Other Tax Matters

The Internal Revenue Code of 1986, as amended ("Code"), includes provisions that relate to tax-exempt obligations, such as the 2009 Bonds, including, among other things, permitted uses and investment of the proceeds of the 2009 Bonds and the rebate of certain net arbitrage earnings from the investment of such proceeds to the United States Treasury. Noncompliance with these provisions may result in interest on the 2009 Bonds becoming subject to federal income taxation retroactive to the date of issuance of the 2009 Bonds. The City has covenanted to comply with the requirements of the Code to the extent required to maintain the exclusion of interest on the 2009 Bonds from gross income for federal tax purposes. Failure of the City to comply with the covenant could cause the interest on the 2009 Bonds to be taxable retroactively to the date of issuance.

The Code imposes an alternative minimum tax on a taxpayer's alternative minimum taxable income. Interest on the 2009 Bonds is not an item of tax preference for purposes of the individual and corporate alternative minimum tax, and interest on the 2009 Bonds will not be includable in the adjusted current earnings of a corporation for purposes of computing the alternative minimum tax imposed on corporations.

South Carolina Taxation

The interest on the 2009 Bonds is exempt from all State taxation except inheritance or other transfer taxes and certain franchise taxes. Section 12-11-20, Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in the State a fee or franchise tax computed at the rate of 4.5% of the entire net income of such bank. Regulations of the South Carolina Department of Revenue require that the term "entire net income"

includes income derived from any source whatsoever including interest on obligations of any state and any political subdivision thereof. Interest on the 2009 Bonds will be included in such computation.

Underwriting

The 2009 Bonds are being purchased for reoffering by [Morgan Keegan & Co., Inc., on behalf of itself and as representative of Grigsby & Associates, Inc.] (collectively, "Underwriters"). The Underwriters have agreed, subject to certain conditions, to purchase the 2009 Bonds at a purchase price of \$_____ (which reflects an original issue premium of \$_____ and Underwriters' Discount of \$_____). The initial public offering prices are set forth on the inside cover page of this Official Statement. The Underwriters are obligated to purchase all of the 2009 Bonds, if any are purchased, such obligation being subject to certain conditions precedent.

The Underwriters may offer and sell the 2009 Bonds to certain dealers and others at a price lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriters.

Original Issue Premium Bonds

As indicated on the cover page, the 2009 Bonds maturing on February 1, 20__ ("Premium Bonds"), are being sold at initial offering prices which are in excess of the principal amount payable at maturity. The difference between (a) the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Premium Bonds is sold and (b) the principal amount payable at maturity of such Premium Bonds constitutes original issue premium, which original issue premium is not deductible for federal income tax purposes. In the case of an owner of a Premium Bond, however, the amount of the original issue premium which is treated as having accrued over the term of such Premium Bond is reduced from the owner's cost basis of such Premium Bond in determining, for federal income tax purposes, the taxable gain or loss upon the sale, redemption or other disposition of such Premium Bond (whether upon its sale, redemption or payment at maturity). Owners of Premium Bonds should consult their tax advisors with respect to the determination, for federal income tax purposes, of the "adjusted basis" of such Premium Bonds upon any sale or disposition and with respect to any state or local tax consequences of owning Premium Bonds.

Original Issue Discount Bonds

As indicated on the cover page, the 2009 Bonds maturing on February 1, 20__ ("OID Bonds"), are being sold at initial offering prices which are less than the principal amount payable at maturity. Under the Code, the difference between (a) the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of each maturity of the OID Bonds is sold and (b) the principal amount payable at maturity of such OID Bonds, constitutes original issue discount treated as interest which will be excluded from the gross income of the owners of such OID Bonds for federal income tax purposes.

In the case of an owner of the OID Bond, the amount of original issue discount on such OID Bond is treated as having accrued daily over the term of such OID Bond on the basis of a constant yield compounded at the end of each accrual period and is added to the owner's cost basis of such OID Bond in determining, for federal income tax purposes, the gain or loss upon the sale, redemption or other disposition of such OID Bond (including its sale, redemption or payment at maturity). Amounts received upon the sale, redemption or other disposition of OID Bonds which are attributable to accrued original issue discount on such OID Bonds will be treated as interest exempt from gross income, rather than as a taxable gain, for federal income tax purposes, and will not be a specific item of tax preference for purposes of the federal alternative minimum tax imposed on corporations and individuals. However, it should be noted that with respect to certain corporations (as defined for federal income tax purposes), a portion of the original issue discount that accrues to such corporate owners of OID Bonds in each year will be taken into account in determining the adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on such corporations and may result in other collateral federal income tax consequences for certain taxpayers in the year of accrual. Consequently, corporate owners of OID Bonds should be aware that the accrual of original issue discount on any OID Bond in each year may result in a federal alternative minimum tax liability or other collateral federal income tax consequences, even though such corporate owners may not have received any cash payments attributable to such original issue discount in such year.

Original issue discount is treated as compounding semiannually (which yield is based on the initial public offering price of such OID Bond) at a rate determined by reference to the yield to maturity of each individual OID Bond. The amount treated as original issue discount on an OID Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such OID Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such OID Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of interest payable on such OID Bond during the particular accrual period. The tax basis is determined by adding to the initial public offering price on such OID Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior accrual periods. If an OID Bond is sold between semiannual compounding dates, original issue discount which would have accrued for that semiannual compounding period for federal income tax purposes is to be appointed in equal amounts among the days in such compounding period.

The Code contains additional provisions relating to the accrual of original issue discount in the case of owners of the OID Bonds who subsequently purchase any OID Bonds after the initial offering or at a price difference from the initial offering price during the initial offering of the 2009 Bonds. Owners of OID Bonds should consult their own tax advisors with respect to the precise determination for federal and state income tax purposes of the amount of original issue discount accrued upon the sale, redemption or other disposition of an OID Bond as of any date and with respect to other federal, state and local tax consequences of owning and disposing of an OID Bond. It is possible that under the applicable provisions governing the determination of state or local taxes, accrued original issue discount on an OID Bond may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment attributable to such original issue discount until a later year.

Other Legal Matters

Certain legal matters incident to the authorization, issuance and sale of the 2009 Bonds are subject to the approval of the legality of issuance thereof by McNair Law Firm, P.A., Columbia, South Carolina, and The Charleston Group, Columbia, South Carolina, as Co-Bond Counsel. Certain matters will be passed upon for the Underwriters by Parker Poe Adams & Bernstein LLP, Columbia, South Carolina, and ___the Starkes Law Firm as Underwriters' Counsel. Certain legal matters will be passed upon on behalf of the City by its counsel, Kenneth E. Gaines, Esquire, Columbia, South Carolina.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's"), have assigned their municipal bond ratings of "___" and "___," respectively, to the 2009 Bonds with the understanding that upon delivery of the 2009 Bonds, a policy insuring the payment when due of the principal of and interest on the 2009 Bonds will be issued by [___]. Ratings of [___] should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of [___] and its ability to pay claims on its letters of credit. Moody's and Standard & Poor's have also assigned underlying ratings of "___" and "___," respectively, to the 2009 Bonds. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the 2009 Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the 2009 Bonds. Neither the market price nor the ratings is guaranteed.

FINANCIAL ADVISOR

Merchant Capital, L.L.C., Atlanta, Georgia, has served as Financial Advisor to the City in connection with the offer and sale of the 2009 Bonds. As such, it has participated in the preparation of and review of the various financing documents related to the 2009 Bonds. The Financial Advisor will be paid from the proceeds of the 2009 Bonds.

FINANCIAL STATEMENTS

The audited basic financial statements of the City for the year ended June 30, 2008, are attached hereto as Appendix A. The System's financial position, changes in financial position and cash flows are reported as a major fund in the proprietary fund financial statements contained therein. The financial statements were audited by Webster Rogers LLP, certified public accountants in Florence, South Carolina. In connection with such audit, the City received an opinion of such accountants that the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information present fairly, in all material respects, the respective financial position, changes in financial position and cash flows, where applicable, thereof for the year ended June 30, 2008 in conformity with the accounting principles generally accepted in the United States of America.

MISCELLANEOUS

All quotations from and summaries and explanations of provisions of laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof. All references to the 2009 Bonds and the determinations of the City Council relating thereto are qualified in their entirety by reference to the definitive forms of the 2009 Bonds and the Ordinance and to such determinations. All such summaries, explanations and references are further qualified in their entirety by reference to the exercise of sovereign police powers of the State and the constitutional powers of the United States of America, and to valid bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors.

Certain of the information set forth in the Official Statement and in the appendices hereto has been obtained from sources other than the City that are believed to be reliable but is not guaranteed as to accuracy or completeness.

The agreement between the City and the holders of the 2009 Bonds is fully set forth in the Ordinance and neither any advertisement for the 2009 Bonds nor this Official Statement is to be construed as constituting an agreement with the holders of the 2009 Bonds.

Anyone having questions should direct them to William H. Ellis, Deputy Finance Director-Controller, City of Columbia, 1136 Washington Street – Fourth Floor, Columbia, South Carolina 29201, and telephone (803) 545-3397.

The delivery of this Official Statement and its use in connection with the sale of the 2009 Bonds has been duly authorized by the City.

CITY OF COLUMBIA, SOUTH CAROLINA

Robert D. Coble, Mayor

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE YEAR ENDED JUNE 30, 2008

APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF COLUMBIA

APPENDIX C
SUMMARY OF CERTAIN PROVISION OF THE ORDINANCE

APPENDIX D
FORMS OF OPINIONS OF CO-BOND COUNSEL

APPENDIX E

THE BANK

U. S. BANK NATIONAL ASSOCIATION

U.S. Bank National Association (“USBNA”) is a national banking association organized under the laws of the United States and is the largest subsidiary of U.S. Bancorp. At June 30, 2009, USBNA reported total assets of \$260 billion, total deposits of \$174 billion and total shareholders’ equity of \$24 billion. The foregoing financial information regarding USBNA has been derived from and is qualified in its entirety by the unaudited financial information contained in the Federal Financial Institutions Examination Council report Form 031, Consolidated Report of Condition and Income for a Bank with Domestic and Foreign Offices (“Call Report”), for the quarter ended June 30, 2009. The publicly available portions of the quarterly Call Reports with respect to USBNA are on file with, and available upon request from, the FDIC, 550 17th Street, NW, Washington, D.C. 20429 or by calling the FDIC at (877) 275-3342. The FDIC also maintains an Internet website at www.fdic.gov that contains reports and certain other information regarding depository institutions such as USBNA. Reports and other information about USBNA are available to the public at the offices of the Comptroller of the Currency at One Financial Place, Suite 2700, 440 South LaSalle Street, Chicago, IL 60605.

U.S. Bancorp is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, files reports and other information with the Securities and Exchange Commission (the “SEC”). U.S. Bancorp is not guaranteeing the obligations of USBNA and is not otherwise liable for the obligations of USBNA.

Except for the contents of this section, USBNA and U.S. Bancorp assume no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Official Statement.

APPENDIX F
SPECIMEN LETTER OF CREDIT

FORM OF CREDIT FACILITY PROVIDER AGREEMENT

LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT

by and between

CITY OF COLUMBIA, SOUTH CAROLINA

and

U.S. BANK NATIONAL ASSOCIATION

Relating to

CITY OF COLUMBIA, SOUTH CAROLINA

Waterworks and Sewer System Revenue Bonds, Series 2009

Dated [September __], 2009

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LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT, dated [September __], 2009 (as the same may be amended and supplemented from time to time, the "Agreement"), by and between the CITY OF COLUMBIA, SOUTH CAROLINA, an incorporated municipality located in Richland County, South Carolina (including its successors and assigns, the "Issuer"), and U.S. BANK NATIONAL ASSOCIATION (including its successors and assigns, the "Bank").

PRELIMINARY STATEMENT

By General Bond Ordinance No. 93-43, enacted by the City Council of the Issuer (the "Council") on May 21, 1993 (as amended to the date hereof and, in particular, as amended by the Third Supplemental Ordinance No. 2001-090, enacted by the Council on October 24, 2001, is referred to herein as the "Original Bond Ordinance"), by the Fifth Supplemental Ordinance No. 2007-072, enacted by the Council on September 19, 2007 (as amended to the date hereof, the "Fifth Supplemental Ordinance") and by the Seventh Supplemental Ordinance No. [____], enacted by the Council on [____ __,] 2009 (the Fifth Supplemental Ordinance and the Seventh Supplemental Ordinance, as each of the foregoing may be amended from time to time, being referred to herein collectively as the "Seventh Supplement" which, together with the Original Bond Ordinance, is referred to hereinafter from time to time as the "Ordinance"), the Issuer has authorized the issuance, execution and delivery of its Waterworks and Sewer System Revenue Bonds, Series 2009 (the "Bonds"). Under the Original Bond Ordinance, the Issuer has previously executed, issued and delivered other series of bonds secured by, and payable from, a pledge of and lien on the Net Revenues (as defined in the Original Bond Ordinance) on a parity with the Bonds.

In order to further secure the Bonds, the Issuer has requested, and the Bank is prepared to issue, an irrevocable, direct pay letter of credit pursuant to and upon the terms and conditions stated in this Agreement.

Section 1. DEFINITIONS.

1.1. Defined Terms. Except as set forth in this Section 1, terms defined in the Ordinance are used herein as therein defined on the date of this Agreement. In addition to terms defined elsewhere in this Agreement, as used herein the following terms shall have the following meanings unless the context otherwise requires and such meanings shall be equally applicable to both singular and plural forms of the terms herein defined:

"A Drawing" means a drawing under the Letter of Credit made pursuant to Section 15(b) of the Seventh Supplement for the payment of the principal of the Bonds payable from the Letter of Credit at maturity or prior redemption upon acceleration pursuant to a certificate in the form of Annex A to the Letter of Credit.

"Agreement" means this Letter of Credit and Reimbursement Agreement, as the same may from time to time be amended, supplemented or otherwise modified in accordance with its terms.

"Alternate Credit Facility" has the meaning set forth in the Seventh Supplement.

“Annual Budget” has the meaning set forth in the Original Bond Ordinance.

“Authorized Representative” has the meaning set forth in the Seventh Supplement.

“B Drawing” means a drawing under the Letter of Credit made pursuant to Section 15(a) of the Seventh Supplement for the payment of the interest of the Bonds payable from the Letter of Credit pursuant to a certificate in the form of Annex B to the Letter of Credit.

“Bank” has the meaning set forth in the introductory paragraph.

“Bank Bonds” means Bonds purchased by the Bank with the proceeds of a C Drawing and the related D Drawing.

“Bank Counsel” means Nixon Peabody LLP or any other firm of attorneys selected by the Bank.

“Bank Rate” means, for each day of determination with respect to any Bank Bond, (a) for the period from and including the day of the C Drawing and/or D Drawing to, but not including, the 91st day immediately succeeding such day, the Base Rate from time to time in effect, (b) for the period from and including the 91st day immediately following the related C Drawing and/or the related D Drawing to, but not including, the 181st day immediately succeeding such day, the Base Rate from time to time in effect plus 1.00% per annum and (c) for the period from and including the first to occur of (i) the 181st day immediately following the related C Drawing and/or D Drawing and (ii) the Letter of Credit Termination Date, and thereafter, the rate per annum equal to the Base Rate from time to time in effect plus 2.00% per annum (the “Term Loan Rate”); *provided, however*, that (x) the conditions for creation of a Term Loan have been satisfied pursuant to Section 2.2(c); (y) upon and following the occurrence of an Event of Default hereunder, each draw on a Letter of Credit shall bear interest in an amount equal to the Default Rate; and (z) at no time shall the Bank Rate exceed the Maximum Bank Bond Interest Rate.

“Base Rate” means, for any day, the highest of (a) the Prime Rate plus 1.00% per annum and (b) the Federal Funds Rate plus 0.50% per annum.

“Bonds” has the meaning set forth in the recitals to this Agreement.

“Bond Counsel” means McNair Law Firm, P.A. and any other nationally recognized bond counsel selected by the Issuer (and approved in writing by the Bank).

“Bondholders” has the meaning set forth in the Original Bond Ordinance.

“Business Day” has the meaning set forth in the Letter of Credit.

“C Drawing” means any drawing under the Letter of Credit made pursuant to Section 31 of the Seventh Supplement for the payment of the portion of the Purchase Price equal to the principal amount of Bonds (other than any Bank Bonds and Bonds owned by or on behalf of the Issuer) tendered pursuant to Section 6 of the Seventh Supplement upon presentation of a certificate in the form of Annex C to the Letter of Credit.

“Capital Lease” means any lease of Property which in accordance with GAAP would be required to be capitalized on the balance sheet of the lessee.

“Capitalized Lease Obligation” means the amount of the liability shown on the balance sheet of any Person in respect of a Capital Lease as determined in accordance with GAAP.

“Clawback Amount” has the meaning assigned that term in Section 2.2(f)(iv) hereof.

“Code” means the Internal Revenue Code of 1986, as amended, the regulations (whether proposed, temporary or final) that are effective under that Code or the statutory predecessor of that Code, and any amendments of, or successor provisions to, the foregoing and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing.

“Commitment Fee” has the meaning set forth therefor in Section 2.2(e)(ii) hereof.

“Conversion Date” means the first day on which none of the Bonds bear interest at a Daily Interest Rate or a Weekly Interest Rate.

“Council” has the meaning set forth in the recitals to this Agreement.

“D Drawing” means any drawing under the Letter of Credit made pursuant to Section 31 of the Seventh Supplement for the payment of the portion of the Purchase Price equal to the amount of accrued and unpaid interest to the date of purchase of Bonds (other than any Bank Bonds and Bonds owned by or on behalf of the Issuer) tendered pursuant to Section 6 of the Seventh Supplement upon presentation of a certificate in the form of Annex D to the Letter of Credit.

“Daily Interest Rate” has the meaning set forth in the Seventh Supplement.

“Date of Issuance” means [September __], 2009, the date on which the Bank delivers the Letter of Credit to the Paying Agent pursuant to the Seventh Supplement and this Agreement.

“Debt” means, with respect to the following that is payable in whole or in part from Revenues, for any Person (without duplication) (a) all indebtedness created, assumed or incurred in any manner by such Person representing money borrowed (including by the issuance of debt securities), (b) all obligations for the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business), (c) all obligations secured by any Lien upon Property of such Person, whether or not such Person has assumed or become liable for the payment of such indebtedness, (d) all Capitalized Lease Obligations of such Person, (e) all obligations of such Person on or with respect to letters of credit, banker’s acceptances and other evidences of indebtedness representing extensions of credit whether or not representing obligations for borrowed money, (f) certificates of participation evidencing an undivided ownership interest in payments made by such Person as lessee under Capital Leases, as purchaser under an installment sale agreement or otherwise as an obligor in connection therewith, and (g) all Guaranteed Debt.

“Debt Service” has the meaning set forth in the Original Bond Ordinance.

“Default” means any occurrence, circumstance or event, or any combination thereof, which, with the lapse of time and/or giving of notice, would constitute an Event of Default.

“Default Rate” means the Bank Rate plus 3.00% per annum.

“Downgrade” means each decrease of a rating assigned by a Rating Agency to the Bonds or any Parity Bonds of the Issuer (exclusive of any decrease thereto associated with third party credit enhancement).

“Drawing” or “drawing” means any request for payment under the Letter of Credit evidenced by an A Drawing, a B Drawing, a C Drawing or a D Drawing.

“Event of Default” means any event specified in Section 6.1 of this Agreement; *provided* that any requirement for notice or the lapse of time or both has been satisfied.

“Federal Funds Rate” means, for any day, the rate of interest per annum as determined by the Bank at which overnight Federal Funds are offered to the Bank for such day by major banks in the interbank market, with each change in such rate to be automatically and immediately effective on the date of any change in such rate. Each determination of the Federal Funds Rate by the Bank shall be deemed conclusive and binding on the Issuer absent manifest error.

“Fee Payment Date” has the meaning set forth in Section 2.2(e)(ii) hereof.

“Fifth Supplemental Ordinance” has the meaning set forth in the recitals to this Agreement.

“Financing Documents” means, collectively, the Original Bond Ordinance, and each supplement thereto, and the Seventh Supplement, and each amendment, supplement or modification thereto.

“Fiscal Year” has the meaning set forth in the Original Bond Ordinance.

“GAAP” means generally accepted accounting principles as applied in the United States.

“Governmental Authority” means any nation or government, any state, department, agency or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government, and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing.

“Guaranteed Debt” means, without duplication, all Debt of any Person of the kind referred to in the definition of “Debt” which is guaranteed directly or indirectly in any manner by the Issuer.

“Issuer” has the meaning set forth in the introductory paragraph hereto.

“Letter of Credit” means the irrevocable direct pay letter of credit with respect to the Bonds to be issued by the Bank pursuant hereto for the account of the Issuer in favor of the

Paying Agent, as beneficiary, which shall be in substantially the form of Exhibit A to this Agreement.

“Letter of Credit Fees” has the meaning set forth therefor in Section 2.2(e) hereof.

“Letter of Credit Termination Date” means the earlier of (a) the Stated Expiration Date, or (b) the date on which the Letter of Credit otherwise terminates in accordance with its terms or is terminated by the Issuer.

“Lien” means any mortgage, lien, security interest, pledge, charge or encumbrance of any kind in respect of any Property, including the interests of a vendor or lessor under any conditional sale, Capital Lease or other title retention arrangement.

“Material Adverse Effect” means (a) (i) with respect to any Person, a material adverse effect upon such Person’s business, assets, liabilities, financial condition, results of operations, Properties or business prospects, and (ii) with respect to a group of Persons as a whole, a material adverse effect upon such Persons’ business, assets, liabilities, financial conditions, results of operations, Properties or business prospects taken as a whole, and (b) with respect to any agreement or obligation, a material adverse effect upon the binding nature, validity or enforceability of such agreement or obligation.

“Maximum Bank Bond Interest Rate” means the lesser of (a) the per annum rate of 25% per annum and (b) the Maximum Lawful Rate.

“Maximum Lawful Rate” means the maximum rate of interest on the relevant obligation permitted by applicable law.

“Moody’s” means Moody’s Investors Service, Inc., a Delaware corporation, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer with the approval of the Bank.

“Net Revenues” has the meaning set forth in the Original Bond Ordinance.

“Non-Excluded Taxes” has the meaning set forth in Section 2.8 hereof.

“Official Statement” means the final official statement prepared and distributed in connection with delivery of the Letter of Credit and the remarketing of the Bonds.

“Ordinance” has the meaning set forth in the recitals hereto.

“Original Bond Ordinance” has the meaning set forth in the recitals hereto.

“Other Covenants” means the covenants and agreements of the Issuer included in Other Debt Documents that (a) supplement or otherwise expressly relate to Section 6.2, 6.3, 6.4, 6.5, 6.6, 6.7 or 6.11 or Article V, VII, IX, X or XI of the Original Bond Ordinance and (b) results in another party or parties to such Other Debt Documents receiving the benefit of covenants or

agreements of the Issuer that are more restrictive or more favorable than those included in, and/or incorporated by reference in, this Agreement or the Ordinance as of the Date of Issuance; *provided, however*, this definition shall not include any covenants and agreements of the Issuer made with respect to a Debt Service Fund or Debt Service Reserve Fund established for a series of Bonds (as the terms “Debt Service Fund,” “Debt Service Reserve Fund” and “Bonds” are defined in the Original Bond Ordinance) other than the Bonds..

“Other Debt Documents” has the meaning set forth in Section 5.1(l)(ii) hereof.

“Other Taxes” has the meaning set forth in Section 2.8 hereof.

“Outstanding” has the meaning set forth in the Original Bond Ordinance.

“Parity Bonds” has the meaning set forth in the Seventh Supplement and includes any bonds, notes or other obligations of the Issuer that are (a) authorized, executed and delivered pursuant to the Original Bond Ordinance and a supplement thereto, (b) secured by, and payable from, a pledge of and lien on the Net Revenues (as defined in the Ordinance) on a parity with the Bonds (for purposes of this definition only, as the term “Bonds” is defined in the Original Bond Ordinance) and (c) deemed Outstanding under the Ordinance.

“Participant” means any institution participating in the Bank’s interest in the Letter of Credit or this Agreement.

“Paying Agent” has the meaning set forth in the Seventh Supplement.

“Payment Office” means the office of the Bank located at the address set forth in Section 7.2 hereof or such other office as the Bank may from time to time designate.

“Person” means an individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

“Prime Rate” means, for any day, the per annum rate of interest publicly announced by the Bank from time to time as its “prime rate” (or equivalent), with any change in such rate to be automatically and immediately effective on the date of any change in such rate, it being understood that such rate may not be the Bank’s best or lowest rate. Each determination of the Prime Rate by the Bank shall be deemed conclusive and binding on the Issuer absent manifest error.

“Property” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired, that is a part of the System.

“Purchase Agreement” has the meaning set forth in Section 3.1(e).

“Purchase Price” has the meaning set forth in the Seventh Supplement.

“Rating Agency” means any one of Moody’s or S&P.

“Term Loan Amortization End Date” means, with respect to any Term Loan, the first to occur of (a) the third (3rd) anniversary of the Term Loan Amortization Start Date, (b) the third (3rd) anniversary of the Letter of Credit Termination Date, (c) the date an Alternate Credit Facility first becomes effective, (d) the date that the related Bank Bonds mature or are redeemed,

“Term Loan” means a Tender Drawing resulting in the purchase of Bank Bonds pursuant to the Letter of Credit, which draw shall not have been fully reimbursed by the Issuer on or prior to the Term Loan Amortization Start Date (and assuming the conditions for the creation of a Term Loan have been satisfied pursuant to Section 2.2(c)).

“Tender Agent” has the meaning set forth in the Seventh Supplement.
“Tender Drawing” means any C Drawing and the related D Drawing under the Letter of Credit.

“Tender Agent Agreement” means the tender agent agreement among the Paying Agent and Tender Agent, the Issuer and the Remarketing Agent, dated as of September [], 2009, as the same may be amended, supplemented or modified from time to time.

“Tender Agent” has the meaning set forth in the Seventh Supplement.

“Tax” or “Taxes” has the meaning set forth in Section 2.8 hereof.

“System” has the meaning set forth in the Original Bond Ordinance.

“Stated Expiration Date” means [], 2012 or any extension of such date, as agreed to by the Bank and the Issuer in accordance with the terms of Section 2.1 hereof.

“Stated Amount” has the meaning set forth therefor in Section 1 of the Letter of Credit.

“Seventh Supplement” has the meaning set forth in the recitals hereto.

“Section 6 Occurrence” means the occurrence of a Default or an Event of Default.

“S&P” means Standard & Poor’s Ratings Group, a division of The McGraw-Hill Companies, a New York corporation, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer with the approval of the Bank.

“Revenues” has the meaning set forth in the Original Bond Ordinance

“Remarketing Agreement” means that certain remarketing agreement, between the Issuer and the Remarketing Agent, dated as of September [], 2009, as the same may be amended, supplemented or modified from time to time.

“Remarketing Agent” means Morgan Keegan & Company, and its successors and assigns.

“Rating Agencies” means Moody’s and S&P.

defeased, or remarketed, (e) the Conversion Date, (f) the date that the Stated Amount is permanently reduced to zero or the Issuer terminates the Letter of Credit without delivery of an Alternate Credit Facility or (g) the date that an Event of Default hereunder first occurs.

“Term Loan Amortization Payment Date” means, with respect to any Term Loan, (a) the first Business Day of each month commencing with the first Business Day of the month immediately following the Term Loan Amortization Start Date and (b) the Term Loan Amortization End Date with respect to such Term Loan.

“Term Loan Amortization Start Date” means the day immediately following the first to occur of (a) the 180th day immediately following the date of the related Tender Drawing and (b) the Letter of Credit Termination Date (assuming such Tender Drawing has not been fully reimbursed to the Bank and that the conditions for the creation of a Term Loan have been satisfied pursuant to Section 2.2(c)).

“Term Loan Period” means, with respect to any Term Loan, the period commencing on the Term Loan Amortization Start Date and ending on the Term Loan Amortization End Date.

“Upgrade” means each increase of a rating assigned by a Rating Agency to the Bonds or any Parity Bonds of the Issuer (exclusive of any increase thereto associated with third party credit enhancement).

“Weekly Interest Rate” has the meaning set forth in the Seventh Supplement.

1.2. Use of Defined Terms. Terms defined in this Agreement or in the Ordinance on the date of execution and delivery of this Agreement shall have their defined meanings when used in any document, certificate, report or agreement furnished from time to time in connection with this Agreement unless the context otherwise requires; *provided, however*, that in the event terms are defined in this Agreement and the Ordinance, the definitions expressed in this Agreement shall control. To the extent that any incorporated definition from the Ordinance is modified after the Date of Issuance, such modified definition shall not be incorporated into this Agreement unless such modified definition shall be acceptable and satisfactory to the Bank, as evidenced by the Bank’s written consent thereto.

Section 2. TERMS OF THE LETTER OF CREDIT.

2.1. Issuance of Letter of Credit: Substitution or Termination of the Letter of Credit.

(a) The Bank hereby agrees, on the terms and subject to the conditions hereinafter set forth, to issue to the Paying Agent the Letter of Credit (substantially in the form of Exhibit A hereto) with respect to the Bonds, dated the Date of Issuance and completed in accordance with such form and the terms of this Section 2.1(a). The Stated Amount of the Letter of Credit on the Date of Issuance shall be [\$ _____], which amount is equal to the aggregate principal amount of the Bonds Outstanding on the Date of Issuance plus [47] days of accrued interest thereon (calculated at the rate of 12.00% per annum on the basis of 365 or 366-day year, as appropriate, for the actual number of days elapsed). Amounts may be drawn under the Letter of Credit commencing as of the opening of business in New York City on the Date of Issuance. The Bank will use only its own funds in honoring drawings on the Letter of Credit.

(b) Not later than the one hundred eightieth (180th) day preceding the Stated Expiration Date, the Issuer may request in writing, delivered to the Bank, that the Bank renew the Letter of Credit for an additional term of up to [three (3)] years. If the Issuer makes such a written request, not later than thirty (30) days after receipt of such request, the Bank will give written notice to the Issuer and the Paying Agent as to whether the Bank will renew the Letter of Credit and, if the Bank indicates that it will renew the Letter of Credit, which shall be in the Bank's sole and absolute discretion, the proposed renewal terms thereof. Any failure by the Bank to respond to a request for an extension or renewal of the Letter of Credit shall be deemed to be a denial of such request. In the event that the Letter of Credit is not renewed, the Issuer will use reasonable efforts to (i) obtain an Alternate Credit Facility or (ii) cause the Bonds to be remarketed in an Interest Rate Period not requiring the Letter of Credit.

(c) Promptly following the appointment and qualification of any successor Paying Agent, the Bank shall cause to be delivered to such successor Paying Agent, against receipt by the Bank of the Letter of Credit held by the predecessor Paying Agent, a substitute Letter of Credit substantially in the form of Exhibit A hereto, dated the date of issuance thereof and in favor of such successor Paying Agent, but otherwise having terms substantially identical to the Letter of Credit theretofore outstanding.

(d) The Letter of Credit shall not be replaced with an Alternate Credit Facility pursuant to Section 16 of the Seventh Supplement or otherwise terminated or reduced, in whole or in part, by any action of the Issuer unless: (i) all obligations of the Issuer arising under or pursuant to this Agreement with respect to the Letter of Credit (including amounts due and owing with respect to the related Bank Bonds) shall have been paid in full or provided for to the satisfaction of the Bank and (ii) such Letter of Credit shall have been returned to the Bank for cancellation. The Stated Amount of the Letter of Credit may be reduced following the payment, redemption or purchase and cancellation of the Bonds. Each such reduction shall be effective upon the receipt by the Bank of a certificate in the form attached as Annex G to the Letter of Credit signed by the Paying Agent.

2.2. Repayment of Drawings; Bank Bonds; Letter of Credit Fees; and Other Payments. Subject to the terms and provisions of this Agreement, the Issuer agrees to reimburse the Bank, at the times, in the manner and otherwise in accordance with the terms of this Agreement, for each payment made under the Letter of Credit honoring any demand for payment made by the Paying Agent thereunder and to pay all other amounts specified herein, together with interest thereon, pursuant to the terms hereof.

(a) Reimbursement of Drawings. In order to induce the Bank to issue the Letter of Credit, the Issuer agrees, subject to the provisions of Section 2.5 hereof, to pay, or cause to be paid, to the Bank:

(i) (A) on the date each A Drawing is honored, an amount equal to the amount disbursed by the Bank pursuant to such A Drawing and (B) on the date each B Drawing is honored, an amount equal to the amount disbursed by the Bank pursuant to such B Drawing;

(ii) with respect to each C Drawing, on any date which is the first to occur of (A) the date of the remarketing of the related Bank Bonds, the Purchase Price or portion of the Purchase Price of which was paid with the proceeds of such C Drawing, (B) the date on which the principal of any such Bank Bonds, together with accrued interest thereon, shall become due and payable, whether at maturity or prior redemption pursuant to the Seventh Supplement, (C) the date on which the amount disbursed by the Bank pursuant to such C Drawing is declared to become due and payable under the Seventh Supplement as a result of an occurrence of a mandatory tender or (D) the Letter of Credit Termination Date, an amount equal to the amount disbursed by the Bank pursuant to such C Drawing (but, in the case of clause (A) only, an amount equal to the portion of such amount which was disbursed to fund the Purchase Price of such remarketed Bank Bonds); and

(iii) with respect to each D Drawing, on any date which is the first to occur of (A) the immediately succeeding Interest Payment Date in respect of any Bank Bonds the interest portion of the Purchase Price of which was paid with the proceeds of such D Drawing, (B) the date of the remarketing of any such Bank Bonds, (C) the date on which the principal of any such Bank Bonds, together with accrued interest thereon, shall become due and payable, whether at maturity or prior redemption pursuant to the Seventh Supplement, (D) the date on which the amount disbursed by the Bank pursuant to such D Drawing is declared to become due and payable pursuant to the Seventh Supplement as a result of an occurrence of mandatory tender or (E) the Letter of Credit Termination Date, an amount equal to the portion of such amount which was disbursed to fund the interest portion of the Purchase Price of such remarketed Bank Bonds;

with interest on the amount so disbursed by the Bank for each day from and including the date of such disbursement to but not including the date the Bank is reimbursed therefor (except as provided in the second succeeding sentence) at a rate per annum equal to (1) in the case of amounts referred to in clause (i) above, the Default Rate, and (2) in the case of amounts referred to in clauses (ii) and (iii) above, from the date of any such C Drawing or D Drawing, at the Bank Rate, to the earliest of (x) the date such payment is due, (y) the date on which an Event of Default occurs, and (z) the Letter of Credit Termination Date, and, thereafter, at the Default Rate. In the case of amounts referred to in clause (i) above, interest shall be payable on demand, and, in the case of amounts referred to in clauses (ii) and (iii) above (except as provided in the next succeeding sentence), interest shall be payable on the date such amounts are reimbursed to the Bank and, pending such reimbursement, monthly in arrears, commencing on the first Business Day of the month next succeeding the month in which such amount is disbursed by the Bank under the Letter of Credit and continuing on the first Business Day of each month thereafter and on the date payment of such amount is due and, thereafter, on demand. In the case of amounts due as described in subclause (ii)(A) and (iii)(B) above, interest on such amounts equal to the difference between the interest received upon such remarketing as accrued interest on such remarketed Bank Bonds and the interest which would have been payable on such Bonds at the Bank Rate, shall be due and payable by the Issuer on the Interest Payment Date next succeeding such date of remarketing, together with interest on such difference until paid, at the Bank Rate. Any amounts owing to the Bank under this Agreement in respect of a C Drawing or D Drawing may be prepaid at any time upon written notice to the Bank not later than 3:00 p.m. (New York City time) on the Business Day immediately preceding the date designated for such prepayment.

(b) Bank Bonds. Upon any C Drawing and the accompanying D Drawing, if any, the Bank Bonds with respect to which such C Drawing and D Drawing were made shall be sold to the Bank for an amount equal to the amount of such C Drawing and D Drawing and the certificates representing such Bank Bonds shall be authenticated and registered in the name of the Bank as provided in Section 6(i)(3) of the Seventh Supplement prior to or simultaneously with the application of the proceeds of such C Drawing, and the accompanying D Drawing, if any, and, in the case of Bank Bonds, shall be held by the Tender Agent on behalf of the Bank as provided in Section 6(i)(3) of the Seventh Supplement. Upon reimbursement to the Bank, in full or in part for any C Drawing, and the accompanying D Drawing, if any, and interest due and payable thereon pursuant to Section 2.2(a) hereof to the date of such reimbursement at the applicable rate of interest set forth in Section 2.2(a) hereof, the Bank shall cause to be released and delivered to or upon the order of the Issuer, a principal amount of Bank Bonds corresponding to the amount of the C Drawing being reimbursed. Anything in this paragraph to the contrary notwithstanding, in the event Bonds are in book-entry form, beneficial ownership of Bank Bonds by the Bank may be reflected in accordance with such book-entry system in accordance with Section 7 of the Seventh Supplement. The Bank shall promptly notify the Paying Agent of the amount of the reinstatement; *provided* that the failure to provide such notice shall have no effect on the reinstatement of the amount thereof.

(c) Term Loans.

(i) Notwithstanding the foregoing, each unreimbursed Tender Drawing will automatically convert into a Term Loan beginning on the Term Loan Amortization Start Date; *provided* that on the Term Loan Amortization Start Date, (A) none of the conditions that would result in a Term Loan Amortization End Date shall have occurred and be continuing and (B) the long-term ratings assigned to the Issuer's Parity Debt (without regard to any third party or other credit enhancement) is at or above "A1," in the case of Moody's, and "A+," in the case of S&P. On the Term Loan Amortization Start Date, the Issuer shall be deemed to have represented and warranted to the Bank that the conditions set forth in the immediately preceding sentence have been satisfied. Each Term Loan shall be repaid by or on behalf of the Issuer, such that the unpaid principal balance of each outstanding Term Loan shall amortize in thirty-six (36) approximately equal monthly installments of principal, commencing on the first Term Loan Amortization Payment Date immediately succeeding the Term Loan Amortization Start Date and on each subsequent Term Loan Amortization Payment Date thereafter, with the last such payment occurring on the Term Loan Amortization End Date. The monthly amount to be paid, determined as of the Term Loan Amortization Start Date, shall be rounded upward or downward, as appropriate, if necessary, to the nearest \$100,000.

(ii) Interest on Term Loans shall accrue at the Bank Rate and shall be payable, in arrears, on the first Business Day of each month and on each date that principal shall be paid thereon, with all amounts representing interest becoming due and payable on the final day of the Term Loan Period. Any Term Loan may be prepaid by the Issuer, without premium or penalty, upon one (1) Business Day's prior written, electronic or telephonic notice to the Bank (which notice, if electronic or telephonic, shall be promptly confirmed in writing), in whole or in part but, if in part, in a minimum

aggregate principal amount of \$100,000 and integral multiples of \$5,000 in excess thereof.

(iii) If any of the conditions for a Term Loan Amortization Start Date set forth in subsection (i) above are not satisfied on the date immediately following the related Tender Drawing, then no Term Loan will be extended with respect to the such unreimbursed Tender Drawing and the Issuer will, within ninety (90) days of such date, repay in full the principal amount of said Tender Drawing and all principal due with respect to any Bank Bonds then Outstanding, together with interest accruing thereon at the Default Rate until all amounts represented by such Tender Drawing and Outstanding Bank Bonds have been repaid in full.

(d) Credit for Bond Payments. There shall be credited against the amount payable to the Bank pursuant to Section 2.2(a)(i), 2.2(a)(ii) or 2.2(a)(iii) any amount paid to the Bank in payment of principal of and interest on the Bank Bonds.

(e) Letter of Credit Fees. The Issuer hereby agrees to pay to the Bank, as specified below, the following as letter of credit fees (collectively, the "Letter of Credit Fees"):

(i) The Issuer shall pay to the Bank on the Date of Issuance an upfront fee equal to 0.15% per annum on the Stated Amount of the Letter of Credit.

(ii) The Issuer shall pay to the Bank an annual fee on the Stated Amount of the Letter of Credit (the "Commitment Fee") as set forth in Schedule I attached hereto, commencing with and including the Date of Issuance and ending on and including the Letter of Credit Termination Date, as the Commitment Fee may be adjusted in accordance with Schedule I attached hereto. Said Commitment Fee shall be payable quarterly in arrears, commencing on [December] 1, 2009, for the period from and including the Date of Issuance through [November 30], 2009, and continuing on the first Business Day of each [March, June, September and December] thereafter and on the Letter of Credit Termination Date (each date on which the Commitment Fee is due being referred to as a "Fee Payment Date").

(iii) Concurrently with each drawing under a Letter of Credit, the Issuer shall pay a drawing fee equal to \$250 to the Bank.

(iv) Concurrently with each transfer or amendment of the Letter of Credit, the Issuer will pay to the Bank a Letter of Credit transfer or amendment fee equal to \$3,500, plus the reasonable fees and expenses of Bank Counsel, as provided in Section 7.6.

The Bank will forward to the Issuer, at least fifteen (15) Business Days before the due date of the annual Commitment Fee referred to in clause (ii), an invoice with respect to such amount. The Bank will forward to the Issuer, concurrently with the due date of any Letter of Credit Fee referred to in clause (iii) or clause (iv), an invoice with respect to such amount. Failure of the Bank to forward an invoice in any instance described in the immediately preceding two sentences will not serve as a waiver, diminution or release of the Issuer's obligation to pay the amounts payable provided pursuant to this Section 2.2(e).

(f) Manner and Place of Payments; Interest Calculation.

(i) All payments to be made to the Bank hereunder or in connection herewith, whether by the Issuer, or by the Paying Agent on behalf of the Issuer, shall be made to the Bank at its Payment Office in U.S. Dollars in immediately available funds. All such payments shall be made to the Bank as aforesaid not later than 3:00 P.M., New York City time, on the date due at its account specified in Section 7.2 below; and funds received after that time shall be deemed to have been received on the next succeeding Business Day. All payments not received on the date due shall bear interest until payment in full thereof at a variable rate per annum equal to the Default Rate.

(ii) Whenever a payment is due to the Bank under this Agreement, the Issuer shall be deemed to have made such payment at the time such payment is received by the Bank.

(iii) All Letter of Credit Fees payable hereunder shall be calculated on the basis of the actual days elapsed and a year of 360 days. All interest payable hereunder shall be calculated on the basis of actual days elapsed and a year of 365 days.

(iv) Notwithstanding anything herein or in the Bonds or the Financing Documents to the contrary, to the extent permitted by applicable law, if at any time the rate per annum payable hereunder or in connection with any Bank Bonds exceeds the Maximum Bank Bond Interest Rate and the Bank shall not receive payment at such rate by virtue of the limitations imposed by the Maximum Lawful Rate (such amount of interest not received by the Bank on the date due being herein referred to as the "Clawback Amount"), such Clawback Amount shall not be payable on the Interest Payment Date for such interest period as interest on such Bank Bonds but shall be deferred. The Clawback Amount shall be allocated among the affected Bank Bonds Outstanding on such Interest Payment Date based upon the principal amount of the Bank Bonds and the length of time the Bank Bonds were Outstanding during the interest period related to such Interest Payment Date. Any Clawback Amount arising on any Interest Payment Date, to the extent permitted by law, (i) shall bear interest (compounded on each succeeding Interest Payment Date) at a rate per annum equal to the Bank Rate (computed on the basis of a year of 365 days and actual days elapsed) until paid in full and (ii) shall become payable on the next succeeding Interest Payment Date or Dates to the extent the interest, including such Clawback Amount, payable on the Bank Bonds, if any, for the interest period ending on such Interest Payment Date does not exceed the Maximum Bank Bond Interest Rate for such interest period; *provided, however*, that if any Clawback Amount due to the Bank has not been paid to the Bank on or prior to the Letter of Credit Termination Date, such amounts due shall convert to a termination fee due and payable on the Letter of Credit Termination Date.

2.3. Obligation of Bank. The obligation of the Bank to make payments pursuant to the Letter of Credit and to purchase Bank Bonds shall be discharged in accordance with the terms set forth herein and in the Letter of Credit. The Stated Amount of the Letter of Credit may be reduced from time to time as provided therein.

2.4. Liability of Bank. To the extent permitted by applicable law, neither the Bank nor any of its officers or directors shall be liable or responsible for (a) the use which may be made of a Letter of Credit or for any acts, omissions, errors, interruptions, delays in transmission, dispatch or delivery of any message or advice, however transmitted, of the Paying Agent in connection with the Letter of Credit; (b) any action, inaction or omission which may be taken by the Bank in good faith without negligence or willful misconduct in connection with the Letter of Credit; (c) the validity, sufficiency or genuineness of documents, or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged; (d) payment by the Bank against presentation of documents which do not comply with the terms of the Letter of Credit, including failure of any documents to bear any reference or adequate reference to such Letter of Credit; or (e) any other circumstances whatsoever in making or failing to make payment under the Letter of Credit, except only that the Issuer shall have a claim against the Bank for acts or events described in the immediately preceding clauses (a) through (e), and the Bank shall be liable to the Issuer, to the extent, but only to the extent, of any direct, as opposed to consequential, damages suffered by the Issuer that were caused by such entity's willful misconduct or negligence. The Issuer further agrees that, to the extent permitted by applicable law, any action taken or omitted by the Bank under or in connection with the Letter of Credit or the related draft or documents, if done in good faith without negligence, shall be effective against the Issuer as to the rights, duties and obligations of the Bank. The Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

2.5. Nature of Obligations of the Issuer. Notwithstanding anything in this Agreement to the contrary, any and all obligations of the Issuer under this Agreement and under any Bonds (a) are limited obligations payable solely and exclusively from the Net Revenues as further described herein, (b) shall not constitute a general obligation or pecuniary liability of the Issuer under applicable law, and (c) shall not constitute a pledge of the full faith and credit or the taxing power of the Issuer. For all purposes of the Ordinance, in the event a Tender Drawing is made under the Letter of Credit that results in the creation of a Bank Bond, in addition to its rights hereunder, the Bank shall be entitled to exercise all of the rights of (except the right to tender Bonds for purchase under the Seventh Supplement), and shall be secured to the same extent as, any other holder of Bonds under the Seventh Supplement and any other holder of Parity Bonds under the Ordinance including, without limitation, the right to receive payments of principal and interest thereon, the right to have such Bank Bonds remarketed pursuant to the Seventh Supplement and the Remarketing Agreement and all rights under the Ordinance upon the occurrence and continuation beyond any applicable grace period of any "event of default" under the Ordinance. Except as provided in the foregoing sentence, all other amounts payable by the Issuer to the Bank hereunder (including specifically termination and other fees) shall be payable from and secured by a pledge of and lien upon the Net Revenues of the System which are available to meet any obligations of the Issuer which are or shall become charges, liens or encumbrances upon such Revenues (all as more fully provided in the clause designated "First" under Section 6.7 of the Ordinance), which pledge and lien is subordinate and inferior to the pledge and lien thereof securing the payment of the Outstanding Parity Bonds and any other Bonds issued pursuant to the Ordinance on a parity with the Outstanding Parity Bonds. The Issuer agrees that, for purposes of calculating "Debt Service" under the Ordinance, it shall include amounts then owed to the Bank for payment of principal and interest on outstanding Bonds (or reimbursement of previous Drawings on the Letter of Credit for payment thereof).

2.6. Increased Costs. (a) If, after the Date of Issuance, any change in applicable law, treaty, regulation, guideline or directive or any new law, treaty, regulation, guideline or directive, or any change in interpretation of any of the foregoing by any authority charged with the administration or interpretation thereof or any central bank or other fiscal, monetary or other authority having jurisdiction over the Bank or any Participant or the transactions contemplated by this Agreement (whether or not having the force of law) shall:

(i) subject the Bank or any Participant to any tax, charge, fee, deduction or withholding of any kind with respect to this Agreement or the Letter of Credit, or any amount paid or to be paid by the Bank as the issuer of such Letter of Credit or any Participant (other than any tax measured by or based upon the overall net income of the Bank or a Participant);

(ii) impose, modify or deem applicable any reserve, premium, special deposit or similar requirements against any assets held by, deposits with or for the account of, or loans, letters of credit, lines of credit (such as the Letter of Credit) or commitments by, an office of the Bank or any Participant;

(iii) change the basis of taxation of payments due the Bank or any Participant under this Agreement (other than a change in taxation of the overall net income of the Bank or a Participant); or

(iv) impose upon the Bank or any Participant any other condition with respect to such amount paid or payable to or by the Bank or any Participant or with respect to this Agreement or the Letter of Credit, and the result of any of the foregoing is to increase the cost to the Bank or any Participant of agreeing to issue, issuing, making any payment under or maintaining such Letter of Credit, or to reduce the amount of any payment (whether of principal, interest or otherwise) receivable by the Bank or any Participant or to require the Bank or any Participant to make any payment on or calculated by reference to the gross amount of any sum received by it, in each case, by an amount which the Bank or such Participant in its reasonable judgment deems material, then:

(A) the Bank shall, upon making a determination to impose increased costs as a result of the occurrence of any of the foregoing, notify the Issuer of such determination in writing and a due date on which such amounts will be owed, which due date shall be no earlier than thirty (30) days following the date the Issuer is first given such notification by the Bank;

(B) after giving notice of such determination, the Bank shall also as promptly as practicable deliver to the Issuer a certificate stating the change which has occurred or the reserve requirements or other costs or conditions which have been imposed on the Bank or a Participant or the request, direction or requirement with which it has complied together with the date thereof, the amount of such increased cost, reduction or payment and the way in which such amount has been calculated, including a reasonably detailed calculation and the Bank's

determination of such amounts, absent fraud or manifest error, shall be conclusive; and

(C) to the extent permitted by law, the Issuer shall pay to the Bank on the due date, from time to time as specified by the Bank, such an amount or amounts as will compensate the Bank or such Participant for such additional cost, reduction or payment, together with interest on such amount from, and including, the due date specified by the Bank for payment at the Default Rate;

provided, however, the provisions of this Section 2.6 shall apply fully to a Participant of the Bank, but only to the extent that they apply to the Bank, such that any Participant shall be entitled to payment under this Section 2.6 only to the extent and in the amount that the Bank would be entitled to payment had such participation not been granted.

(b) In addition to the foregoing if, after the Date of Issuance, the Bank or any Participant shall have determined that the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank or any Participant with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on the capital of the Bank or any Participant to a level below that which the Bank or such Participant could have achieved but for such adoption, change or compliance (taking into consideration the policies of the Bank or such Participant with respect to capital adequacy as a result of any such adoption, change or compliance) by an amount deemed by the Bank or such Participant to be material, or affects or would affect the amount of capital required or expected to be maintained by the Bank or any Participant or any Issuer controlling the Bank or any Participant by an amount deemed by the Bank or such Participant to be material, as a consequence of its obligations under the Letter of Credit, then from time to time, and to the extent permitted by law, the Issuer shall be obligated to pay or cause to be paid to the Bank such additional amount or amounts as will compensate the Bank or such Participant for such reduction or capital increase with respect to any period for which such reduction or capital increase was incurred upon written demand by the Bank, together with interest on such amount from the due date of such demand until payment in full at the Default Rate, which due date shall be no earlier than thirty (30) days following the date the Issuer is first given such notification by the Bank. A certificate setting forth such additional amount or amounts as a result of any event mentioned in this paragraph shall be submitted by the Bank to the Issuer and such certificate shall, in the absence of manifest error, be conclusive as to the amount or amounts thereof. To the extent practicable and available to the Bank, the Bank shall also provide the Issuer with a copy of such adoption or change which would cause such reduction in the rate of return on capital or such capital increase, as appropriate, and the provision of such materials shall not be a condition precedent to payment by the Issuer of the amount or amounts referenced in this paragraph.

Notwithstanding anything in this Section to the contrary, and to the extent permitted by law, if such costs are to be incurred on a continuing basis and the Bank shall so notify the Issuer in writing as to the amount thereof, such costs shall be paid by the Issuer to the Bank monthly in arrears on the last Business Day of each month and on the Letter of Credit Termination Date.

The provisions of this Section 2.6 shall survive the termination of this Agreement.

2.7. CUSIP Numbers and Ratings. On or prior to the Date of Issuance, the Issuer will, at its expense, (a) cause the Remarketing Agent to obtain and assign for the Bank Bonds a CUSIP number different from any CUSIP number assigned to the Bonds that are not Bank Bonds and (b) obtain from Moody's or S&P, as applicable, a long-term rating specifically assigned to such Bank Bonds and, furthermore, the Issuer will ensure that, for so long as there remain any Bank Bonds outstanding, the CUSIP number and the long-term rating assigned to such Bank Bonds are available electronically to the Bank pursuant to a third-party provider of such information.

2.8. Taxes.

(a) Any and all payments by the Issuer hereunder shall be made free and clear of, and without deduction or withholding for or on account of, any present or future tax, levy, impost, duty or other charge or withholding of a similar nature (including a related penalty or interest) imposed or levied by or on behalf of any Governmental Authority (any such present or future tax, levy, impost, duty or other charge or withholding of a similar nature (including a related penalty or interest) being referred to herein as a "Tax" or "Taxes"), now or hereafter imposed, levied, collected, withheld or assessed, excluding any Taxes imposed on the Bank as a result of a present or former connection between the Bank and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Bank having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement). If any such non-excluded taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("Non-Excluded Taxes") or Other Taxes (as defined below) are required to be withheld from any amounts payable to the Bank hereunder, the amounts so payable to the Bank shall be increased to the extent necessary to yield to the Bank (after payment of all Non-Excluded Taxes and Other Taxes, but excluding Taxes on the Bank's net income) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement; *provided, however*, that the Issuer shall not be required to increase any such amounts payable to the Bank with respect to any Non-Excluded Taxes that are attributable to the Bank's failure to comply with the requirements of paragraph (a)(iii) of this section.

(i) In addition, the Issuer agrees to pay any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement ("Other Taxes").

(ii) Whenever any Non-Excluded Taxes or Other Taxes are payable by the Issuer, as promptly as possible thereafter the Issuer shall send to the Bank a certified copy of an original official receipt received by the Issuer showing payment thereof. If the Issuer fails to pay any Non-Excluded Taxes or Other Taxes when due to the appropriate taxing authority or fails to remit to the Bank the required receipts or other required documentary evidence and, to the extent permitted by applicable law, the Issuer shall indemnify the Bank for any incremental taxes, interest or penalties that may become payable by the Bank as a result of any such failure; *provided* the Issuer shall not be liable

hereunder for any incremental taxes, interest or penalties resulting from the failure to pay when due any Non-Excluded Taxes or Other Taxes imposed directly on the Bank if the Issuer shall not have received written notice at least three (3) Business Days prior to the due date thereof.

(iii) If the Bank is entitled to an exemption from or reduction of non-U.S. withholding tax under the law of the jurisdiction in which the Issuer is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement, it shall deliver to the Issuer, at the time or times prescribed by applicable law or reasonably requested by the Issuer, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate; provided that the Bank is legally entitled to complete, execute and deliver such documentation if, in the Bank's judgment, such completion, execution or submission would not materially prejudice the legal position of the Bank.

(b) If the Bank is entitled to an exemption from or reduction of non-U.S. withholding tax under the law of the jurisdiction in which the Issuer is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement, it shall deliver to the Issuer, at the time or times prescribed by applicable law or reasonably requested by the Issuer, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate; *provided* that the Bank is legally entitled to complete, execute and deliver such documentation if, in the Bank's judgment, such completion, execution or submission would not materially prejudice the legal position of the Bank.

(c) The provisions of this Section 2.8 will survive termination of this Agreement.

Section 3. CONDITIONS.

3.1. Conditions Precedent to Issuance of the Letter of Credit. The obligation of the Bank to issue the Letter of Credit shall be subject to the fulfillment of the following conditions precedent on or before the Date of Issuance, in a manner satisfactory to the Bank and its counsel:

(a) The Bank shall have received a reliance letter, dated the Date of Issuance, permitting the Bank to rely on the approving opinion and other opinions of Bond Counsel (excluding any opinion dealing with the Official Statement), in form and substance satisfactory to the Bank and Bank Counsel.

(b) The Bank shall have received an opinion of Bank Counsel in form and substance satisfactory to the Bank, dated the Date of Issuance.

(c) The Bank shall have received an opinion addressed to the Bank of counsel to the Issuer, in form and substance satisfactory to the Bank and Bank Counsel, dated the Date of Issuance.

(d) (i) Moody's shall have rated the Bonds at least "Aa3" (or the then comparable Moody's rating) and S&P shall have rated the Bonds at least "AA-" (or the then comparable S&P rating), and (ii) the Bank shall have received a copy of the rating letters or other documents evidencing any such ratings.

(e) The Bank shall have received on the Date of Issuance certified copies or executed originals, as the Bank may request, of the Financing Documents, the Remarketing Agreement, the Tender Agent Agreement, the bond purchase agreement between the Issuer and the initial purchaser of the Bonds (the "Purchase Agreement") and any other documents which the Bank may reasonably request evidencing that all necessary action required to be taken in connection with the enactment of the Financing Documents, the authorization, execution, issuance, delivery and performance of this Agreement, the Bonds, the Remarketing Agreement, the Tender Agent Agreement and the Purchase Agreement and any other document required to be delivered pursuant to or in connection with the Financing Documents, this Agreement, the Bonds, the Remarketing Agreement, the Tender Agent Agreement and the Purchase Agreement and the transactions contemplated hereby or thereby has been taken including, without limitation, resolutions of the Council authorizing delivery and, where applicable, execution and performance by the Issuer of this Agreement, the Bonds, the Remarketing Agreement, the Tender Agent Agreement and the Purchase Agreement, certified by an Authorized Representative (which certificate shall state that the resolutions are in full force and effect on the Date of Issuance).

(f) The Bank shall have received (i) the three most recent audited financial statements of the Issuer which shall include financial information regarding the System, (ii) the Annual Budget for the current Fiscal Year including all amendments thereto since its initial adoption and (iii) projected operating and financial information for the Issuer and the System for the Fiscal Years ending June 30, 2010, June 30, 2011 and June 30, 2012, which information shall include, without limitation, (A) the Issuer's projections regarding the rates and charges to be established, levied, maintained and collected during each of those Fiscal Years pursuant to Section 7.1 of the Original Bond Ordinance and (B) the Issuer's projections during each of those Fiscal Years regarding Debt Service on the Bonds and all other Parity Bonds.

(g) The Bank shall have received such certifications as to matters of fact, evidence of corporate authority, copies of governmental consents, permits, licenses and approvals, and other documents as shall be reasonably requested by the Bank, and the form and substance of any order or other official action granting any consent, permit, license or approval shall be satisfactory to the Bank.

(h) (i) The representations and warranties set forth in Section 4 of this Agreement shall be true and correct in all material respects as of the Date of Issuance; and (ii) on the Date of Issuance no Section 6 Occurrence or no event, act or omission which with notice, lapse of time or both, would constitute such a Section 6 Occurrence, shall have occurred and be continuing, and the Issuer shall have delivered to the Bank a certificate to the effect of clauses (i) and (ii) immediately above dated the Date of Issuance.

(i) The Bank shall have determined (in its sole and absolute discretion) that (i) neither the issuance of the Letter of Credit, nor the consummation of any of the transactions

contemplated by this Agreement, the Official Statement, the Bonds, the Remarketing Agreement, the Tender Agent Agreement and the Purchase Agreement or any of the Financing Documents, will violate any law, rule, guideline or regulation (or interpretation or administration thereof) applicable to the Issuer, the Bank, the Letter of Credit or this Agreement and (ii) no material adverse change in the financial condition, business, assets or liabilities of the Issuer or the System shall have occurred since June 30, 2008.

(j) A certificate of an Authorized Representative certifying as to the names and true signatures of the officers of the Issuer authorized to execute this Agreement, the Bonds, the Official Statement, the Remarketing Agreement, the Tender Agent Agreement and the Purchase Agreement.

(k) Counterparts of this Agreement signed by each party hereto, copies of each Financing Document and copies of the Remarketing Agreement, the Tender Agent Agreement and the Purchase Agreement fully executed by each of the parties thereto, together with a specimen of the Bonds and a copy of the Official Statement.

(l) Payment of all fees and expenses payable to the Bank and Bank Counsel (subject to an alternative arrangement satisfactory to the Bank and Bank Counsel being achieved on or prior to the Date of Issuance) on the Date of Issuance including, without limitation, the fee described in Section 2.2(e)(i) hereof.

(m) Evidence that Morgan Keegan & Company. is serving as the Remarketing Agent as of the Date of Issuance.

(n) Evidence that a CUSIP number and ratings applicable to Bank Bonds only have been obtained.

(o) All other legal matters pertaining to the execution and delivery of this Agreement, the Remarketing Agreement, the Tender Agent Agreement and the Purchase Agreement, enactment of the Financing Documents, the issuance of the Bonds and the Letter of Credit and delivery of the Official Statement shall be reasonably satisfactory to the Bank and Bank Counsel.

In addition to the foregoing, the Bank shall have determined, as of the Date of Issuance, that (A) no law, regulation, ruling or other action of the United States or any state or any political subdivision or authority therein or thereof shall be in effect or shall have occurred, the effect of which would be to prevent the Bank from fulfilling its obligations under the Letter of Credit, and (B) no change in (i) the financial condition of the Issuer or the System, or (ii) the capital or financial markets of the United States has occurred and is continuing that, pursuant to the terms of the Bond Purchase Agreement between the Issuer and the underwriters of the Bonds, would permit the underwriters to terminate their obligations thereunder.

Section 4. REPRESENTATIONS AND WARRANTIES.

In order to induce the Bank to enter into this Agreement and to issue the Letter of Credit, the Issuer represents and warrants, as of the date hereof as follows:

(a) Corporate Existence and Power. The Issuer is an incorporated municipality located in Richland County and Lexington County, South Carolina and has the requisite power to carry on its present and proposed activities, and has and at all relevant times had full power, right and authority to enter into and deliver this Agreement, the Remarketing Agreement and the Tender Agent Agreement, to enact the Original Bond Ordinance and the Seventh Supplement, to authorize, issue, execute and deliver the Bonds and any and all instruments and documents required to be executed, enacted or delivered pursuant to or in connection herewith or therewith and to perform each and all of the matters and things herein and therein provided for.

(b) Approvals. The Issuer has and had, at all relevant times, taken all requisite action to authorize or enact, as appropriate, (i) the execution and delivery of, and, as applicable, the performance of its obligations under, this Agreement, the Remarketing Agreement and the Tender Agent Agreement, (ii) the execution, issuance and delivery of the Bonds, (iii) the Original Bond Ordinance and the Seventh Supplement, (iv) the preparation and delivery of the Official Statement and (v) any and all instruments and documents required to be executed, adopted or delivered pursuant to or in connection herewith or therewith. Notwithstanding the foregoing, the Issuer makes no representation with respect to compliance with state securities laws or "blue sky" laws of any jurisdiction.

(c) Binding Effect. (i) Each of this Agreement, the Remarketing Agreement and the Tender Agent Agreement has been duly executed and delivered by the Issuer, (ii) the Bonds have been duly executed and delivered by the Issuer and (iii) each of the Original Bond Ordinance and the Seventh Supplement have been duly enacted by the Issuer, and all of the foregoing constitute valid and legally binding limited obligations of the Issuer which obligations are enforceable against the Issuer in accordance with their respective terms.

(d) Contravention. The execution, delivery and performance by the Issuer of its obligations under this Agreement, the Bonds (when issued and delivered), the Remarketing Agreement and the Tender Agent Agreement, the enactment by the Council of the Original Bond Ordinance and the Seventh Supplement when the same were enacted, and the preparation and delivery of the Official Statement and any and all instruments or documents required to be executed in connection herewith or therewith, were and are within the powers of the Issuer and will not violate any material provision of any applicable law (including the Constitution of the State of South Carolina), regulation, decree or governmental authorization, and will not violate or cause a default under any provision of any contract, agreement, indenture or other undertaking to which it is a party or which is binding upon it or any of its property or assets, and will not result in the imposition or creation of any lien, charge or encumbrance upon any of its properties or assets, excluding the pledge of and lien upon the Net Revenues of the System, pursuant to the provisions of any such contract, agreement, mortgage, indenture or undertaking.

(e) Default, Etc. The Issuer is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in this Agreement, the Remarketing Agreement, the Tender Agent Agreement, the Original Bond Ordinance, the Seventh Supplement or other ordinance, agreement or instrument to which it is a party which could reasonably be expected to result in a Material Adverse Effect on the ability of the Issuer to perform its obligations hereunder, under the Bonds (when issued) or in connection with this

Agreement, the Remarketing Agreement, the Tender Agent Agreement, the Original Bond Ordinance or the Seventh Supplement or which could affect the enforceability hereof or thereof. No Section 6 Occurrence has occurred and is continuing, and no event, act or omission has occurred and is continuing which, with the lapse of time, the giving of notice, or both, would constitute a Section 6 Occurrence.

(f) Financial and Other Information. The financial statements of the Issuer (which includes financial information regarding the System), as of and for the period ending June 30, 2008, present fairly the financial position of the Issuer and the System as of such date and the revenues, expenses and changes in fund balances and financial position for the period then ended, all of which has been prepared in accordance with GAAP. Since June 30, 2008, there has been no material adverse change in the business, properties, condition (financial or otherwise) or operations, present or prospective, of the Issuer or the System, nor any increase in its long-term debt which has not been disclosed to the Bank in writing excluding the Junior Bond issued on June 30, 2009. The Official Statement as of its date and, as supplemented or amended, as of the Date of Issuance, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements and information therein contained, in light of the circumstances under which they are made, not misleading; *provided, however*, that the Issuer makes no representation concerning the information contained in the Official Statement relating to (i) DTC or its affiliates, the information describing registration and transfer of Bonds while said Bonds are registered with DTC and the information set forth in the section entitled "Book-Entry-Only System", and (ii) the information set forth in the section entitled " _____ " provided by the Bank for inclusion therein.

(g) Litigation. No litigation is pending (or, to the knowledge of the Issuer threatened in writing) against the Issuer or the System in any court or agency or other administrative body (either State of South Carolina or federal) (i) to restrain or enjoin the sale or delivery by the Issuer of the Bonds, or (ii) in any manner questioning the authority of the Issuer to issue, or the issuance, validity or payment of principal of or interest on bonds or other obligations of the Issuer similar to the Bonds, or (iii) questioning the constitutionality of any statute, or the validity of any proceedings including, without limitation, the Original Bond Ordinance or the Seventh Supplement authorizing the issuance of the Bonds and the execution, delivery and performance of the Issuer's obligations under the Agreement, or (iv) materially questioning or affecting the legality or constitutionality of the collection by the Issuer of the Revenues securing the Bonds and the application thereof in accordance with the Ordinance, or (v) contesting in any way the completeness, accuracy or fairness of the Official Statement, or (vi) questioning or affecting the validity of the pledge by the Issuer of the Net Revenues as described in Section 2.5 hereof, or the validity or the enforceability of any provisions of this Agreement, the Original Bond Ordinance, the Seventh Supplement, the Bonds or the Remarketing Agreement, or the obligations of the Issuer arising under or pursuant to this Agreement, or (vii) questioning or affecting the legal existence of the Issuer, or (viii) which might in any material respect adversely affect the transactions contemplated herein or by the Ordinance or the Official Statement, or (ix) contesting the titles of any Issuer officials to their respective offices.

(h) Tax-Exempt Status of Certain Revenue Bonds. The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Issuer is an issuer of obligations whose arbitrage certifications may not be relied upon.

(i) Immunity. With respect to any *ex contractu* actions arising from its contractual obligations under this Agreement, the Issuer is not entitled to claim immunity on the grounds of sovereignty or other similar grounds with respect to itself or its revenues or assets (irrespective of their use or intended use) from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction, order for specific performance or for recovery of property, (iv) attachment of its assets (whether before or after judgment) or (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be made subject to in any suit, action or proceedings relating to this Agreement in the courts of any jurisdiction and no such immunity (whether or not claimed) may be attributed to the Issuer or its revenues or assets

(j) Environmental Law. Except as disclosed in writing to the Bank, the Issuer has not received notice to the effect that the operations of the System are not in compliance with any of the requirements of applicable federal, state or local environmental, health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could reasonably be expected to result in a Material Adverse Effect on the security for the Bonds or the Issuer's ability to pay its obligations under this Agreement or the Bank Bonds.

(k) Security for the Bonds. The Ordinance creates, for the benefit and security of the Bonds (including Bank Bonds), a legally valid and binding pledge of and lien upon the Net Revenues. The lien and pledge granted under the Ordinance on the Net Revenues is a valid and enforceable lien securing the payment of the Bonds (including the Bank Bonds). The payment of principal and interest on the Bonds (including Bank Bonds) will rank at least equally in right of payment by the Issuer with all other Parity Bonds of the Issuer with respect to Net Revenues as provided in the Ordinance.

(l) Incorporation of Representations and Warranties by Reference. Subject to the final sentence of this subsection (l), the Issuer hereby makes to the Bank the same representations and warranties as are set forth by it in the Remarketing Agreement, the Tender Agent Agreement, the Purchase Agreement and, to the extent applicable, each of the Financing Documents, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated herein by reference for the benefit of the Bank with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety. No amendment to such representations and warranties or defined terms made pursuant to the Remarketing Agreement, the Tender Agent Agreement and, to the extent applicable, the Financing Documents shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the prior written consent of the Bank. The parties hereto agree that, except for any representation, warranty or defined term that becomes effective subsequent to the Date of Issuance as contemplated in the immediately preceding sentence, the representations and warranties incorporated by reference herein are those contained in the Remarketing Agreement, the Tender Agent Agreement and the Purchase Agreement as in effect on the Date of Issuance and, to the extent applicable, the

representations and warranties incorporated by reference from each of the Financing Documents are those in effect as of the date of enactment thereof.

(m) Financing Documents. Each representation and warranty of the Issuer contained in the Official Statement, the Remarketing Agreement, the Tender Agent Agreement and, to the extent applicable, each of the Financing Documents is true and correct in all material respects as of the Date of Issuance except that, in the case of the Financing Documents, said representations and warranties shall be deemed true and correct as of the respective date of enactment.

(n) Regulation U. The Issuer is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System); and no proceeds of the Bonds will be used to extend credit to others for the purpose of purchasing or carrying any margin stock.

(o) No Amendment. To the best knowledge of the Issuer, there is no amendment, or proposed amendment certified for placement on a statewide ballot, to the Constitution of the State of South Carolina or any published administrative interpretation of the Constitution of the State of South Carolina or any State of South Carolina law, or any legislation which has passed either house of the State legislature or is under consideration by any conference or similar committee, or any published judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to result in a Material Adverse Effect with respect to the assets, financial condition, properties, business or operations of the System, the Revenues or the performance of the obligations of the Issuer under this Agreement, the Remarketing Agreement, the Tender Agent Agreement, the Financing Documents and the Bonds.

(p) No Limitation on Interest Rate. Neither the laws nor the Constitution of the State of South Carolina impose any limitation on the rate of interest payable by the Issuer hereunder or in connection with any Bank Bond.

Section 5. COVENANTS OF THE ISSUER.

So long as a Letter of Credit is outstanding and until all obligations of the Issuer arising under or pursuant to this Agreement shall have been paid in full, the Issuer shall do the following:

5.1. Affirmative Covenants.

(a) Reports, Certificates and Other Information. The Issuer will maintain a standard system of accounting in accordance with GAAP and will furnish to the Bank and its duly authorized representatives such information respecting the financial condition of the Issuer and the financial condition of the System as the Bank may reasonably request including, without limitation, the following:

(i) The Issuer will furnish or cause to be furnished to the Bank as soon as available and (A) in any event, within two hundred ten (210) days after the end of each

Fiscal Year, (1) a copy of the audited annual financial statements of the Issuer, which shall include a summary of the operating revenues, operating expenses, nonoperating revenues and expenses and change in net assets of the System for such Fiscal Year, (2) the balance sheet as of the end of such Fiscal Year, and (3) the report of independent auditors with respect to said financial statements certifying that said financial statements fairly present the financial position of the Issuer and that their audit has been conducted in accordance with GAAP, and (B) in any event, within forty-five (45) days after the end of each semi-annual period ending on December 31 of each calendar year, an unaudited financial statement of the Issuer, which shall include a summary of the operating revenues, operating expenses, nonoperating revenues and expenses and change in net assets of the System for such period and a comparison of such information for the six month period ending during the immediately preceding Fiscal Year;

(ii) The Issuer will use its best efforts to furnish or cause to be furnished to the Bank, if and as soon as the same are prepared and available for public distribution, a copy of the Annual Budget for each Fiscal Year during the term of this Agreement, and each amendment and supplement thereof adopted during the course of said Fiscal Year;

(iii) The Issuer will furnish or cause to be furnished to the Bank promptly upon obtaining knowledge of any condition or event which constitutes a Section 6 Occurrence (excluding any payment obligation of the Issuer to the Bank described in Section 6.1(b) or (c) hereof), notice of such condition or event and, within ten (10) Business Days thereafter, a certificate signed by an Authorized Representative specifying in reasonable detail the nature and period of existence thereof and what action the Issuer has taken or proposes to take with respect thereto;

(iv) The Issuer will furnish or cause to be furnished to the Bank, as promptly as practicable, written notice to the Bank of any action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency that, if adversely determined, could reasonably be expected to result in a Material Adverse Effect with respect to the Issuer's ability to perform its obligations under this Agreement, the Original Bond Ordinance, the Seventh Supplement, the Bonds or the Remarketing Agreement or could reasonably be expected to result in a Material Adverse Effect with respect to the financial condition of the System;

(v) The Issuer will furnish or cause to be furnished to the Bank, at such times as the Issuer delivers its annual financial statements pursuant to clause (i) of this Section 5.1(a), a certificate of an Authorized Representative to the effect that such officer has taken such action as he has considered reasonable under the circumstances to make such certification and (A) nothing has come to such Representative's attention to lead such Representative to believe that any Section 6 Occurrence exists or, if such is not the case, specifying such Section 6 Occurrence and the nature thereof, and (B) setting forth evidence of compliance with the covenants set forth in this Agreement and the Ordinance including, without limitation, compliance with the covenants set forth in Article VII of the Original Bond Ordinance;

(vi) The Issuer will furnish or cause to be furnished to the Bank, as soon as practicable, final copies of any official statement, offering circular, placement memorandum or similar or corresponding document, and any supplements thereto and updates and amendments thereof, that the Issuer makes available in connection with the offering for sale of any securities relating to the System of which it is the issuer or secured in whole or in part by the Net Revenues;

(vii) The Issuer will furnish or cause to be furnished to the Bank notice of any change, suspension or termination in the ratings assigned to the Issuer's unenhanced Parity Bonds by any of Moody's or S&P forthwith upon the occurrence thereof;

(viii) The Issuer will furnish, or cause to be furnished to the Bank, with respect to all or a portion of the Bonds, notice of any optional redemption, defeasance or refunding of the Bonds, or notice of any Conversion Date, at the time such notice is given to Bondholders;

(ix) The Issuer will furnish or cause to be furnished to the Bank ten (10) Business Days prior to the effectiveness thereof, notice of any proposed amendment to a Financing Document, the Remarketing Agreement, the Tender Agent Agreement or the Official Statement with respect to which the Bank's consent is not required pursuant to Section 5.2(b) hereof and copies of all such amendments promptly following the execution thereof;

(x) At any time other than as described in clause (xi) below, the Issuer will furnish or cause to be furnished to the Bank within thirty (30) days after receipt of written notice, such other material information regarding the business, affairs and condition of the System or the Revenues as the Bank may from time to time request, to the extent such information is reasonably available; and

(xi) Except as otherwise provided in Section 5.1(a) above, during the occurrence and continuance of a Section 6 Occurrence, the Issuer will furnish or cause to be furnished to the Bank within thirty (30) days after receipt of written notice or such later time as practically possible, such other information regarding the business, affairs and condition of the Issuer, the System or the Revenues as the Bank may from time to time request to be furnished or caused to be furnished.

(b) Maintenance of Books and Records. The Issuer will maintain complete and accurate books and records pertaining to the System and the Revenues and all receipts and disbursements with respect thereto in accordance with GAAP applicable to municipalities consistently applied and any applicable regulations.

(c) Access to Books and Records. The Issuer will permit any Person designated by the Bank, at the expense of the Bank, to visit any of the offices of the Issuer and, to the extent permitted by applicable law, examine the books and financial records of the System, including minutes of meetings of the Council with respect thereto, or any relevant committees thereof, and make copies thereof or extracts therefrom, and to discuss the affairs, finances and

accounts of the System with principal officials of the Issuer and the System, all at such reasonable times and as often as the Bank may reasonably request. The Bank agrees to maintain the confidentiality of all such books, records and information regarding the System; *provided, however*, that the Bank shall not be precluded from disclosing such information or the contents of such books and records to the Participants or, to the extent required by statute, rule, regulation or judicial process or upon the lawful demand of any court or agency having jurisdiction over the Bank, to any Governmental Authority with proper jurisdiction over the Bank.

(d) Compliance with Documents. The Issuer will observe and perform fully and faithfully all of its obligations under this Agreement, the Bonds, the Remarketing Agreement, the Tender Agent Agreement and the Financing Documents and will use reasonable efforts to cause the Paying Agent, the Tender Agent and the Remarketing Agent at all times to comply with the terms of the foregoing to which each is a party.

(e) Further Assurances. The Issuer will at any and all times, insofar as it may be authorized so to do by law, pass, make, do, execute, acknowledge and deliver every and all such further resolutions, acts, deeds, conveyances, assignment, recordings, filings, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, revenues and other funds including those funds pledged or assigned to the payment of the Bonds (including the interest thereon) or payment of the obligations of the Issuer arising under or pursuant to this Agreement, or intended so to be, or which the Issuer may hereafter become bound to pledge or assign thereto.

(f) Compliance with Laws. The Issuer shall comply with all laws, rules and regulations (including all federal, state and local environmental and health and safety laws, rules and regulations), and with all final orders, writs, judgments, injunctions, decrees or awards to which it may be subject the noncompliance of which could reasonably be expected to result in a Material Adverse Effect with respect to repayment of, or the security for, the Bonds or the fulfillment of the Issuer's other obligations under, or as described in, this Agreement, the Remarketing Agreement, the Tender Agent Agreement or any Financing Document; *provided, however*, that the Issuer may contest the validity or application thereof and appeal or otherwise seek relief therefrom, and exercise any and all of the rights and remedies which it may have with regard thereto, so long as such acts do not affect the Issuer's power and authority to perform its obligations under the Financing Documents, to execute this Agreement, to perform its obligations and pay all amounts payable by it hereunder or under the Remarketing Agreement or the Tender Agent Agreement, or to execute and deliver the Bonds and to perform its obligations thereunder.

(g) Substitute Facility. The Issuer agrees that it will not terminate the Letter of Credit prior to the Stated Expiration Date or cause a Conversion Date to occur without providing an Alternate Credit Facility or otherwise providing funds, whether derived from the Issuer or from the provider of said Alternate Credit Facility, on the date of such termination or Conversion Date in an amount sufficient to insure the payment of all amounts due to the Bank in connection with the Letter of Credit including, without limitation, the repurchase of any Bank Bonds then Outstanding, the repayment of all unreimbursed Drawings under the Letter of Credit and the repayment of all other amounts due and payable hereunder including, without limitation, accrued

but unpaid interest due hereunder and in connection with said Bank Bonds and unreimbursed Drawings.

(h) Optional Redemption; Selection of Bonds for Redemption. Without the prior written consent of the Bank, the Issuer shall not optionally redeem any Bonds (other than Bank Bonds) issued under the Seventh Supplement prior to redeeming Bank Bonds in full or if, after giving effect to such redemption in full, there would be any unpaid Clawback Amount. In addition, in connection with any optional or mandatory redemption of less than all of the Bonds then Outstanding, the Issuer will select for redemption, or cause to be selected for redemption, Bank Bonds that are Outstanding prior to selecting other Bonds that are then Outstanding for redemption.

(i) Use of Proceeds. The Issuer shall use, or cause to be used, (i) the proceeds of the Bonds for the purposes set forth in the Seventh Supplement and as described in the Official Statement and (ii) the proceeds of any Drawing under the Letter of Credit for the purposes described herein and in the Letter of Credit.

(j) Compliance with Documents; Incorporation of Covenants.

(i) The Issuer will perform and comply with each and every obligation, covenant and agreement required to be performed or observed by it in or pursuant to this Agreement, the Bonds, the Remarketing Agreement, the Tender Agent Agreement and the Financing Documents, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety and all of which shall be deemed to be made for the benefit of the Bank and shall be enforceable by the Bank against the Issuer. No termination of or amendment to such covenants and agreements or defined terms or release of the Issuer with respect thereto made pursuant to the Remarketing Agreement, the Tender Agent Agreement and the Financing Documents shall be effective to terminate or amend such covenants and agreements and defined terms or release of the Issuer with respect thereto as incorporated by reference herein without the prior written consent of the Bank, which consent shall not be unreasonably withheld. Notwithstanding any termination or expiration of the Remarketing Agreement, the Tender Agent Agreement and any Financing Document, the Issuer shall continue to observe the covenants therein contained for the benefit of the Bank until the termination of this Agreement. All such incorporated covenants shall be in addition to the express covenants contained herein and shall not limit or be limited by the express covenants contained herein.

(ii) In addition to the provisions of clause (l)(i) above, the Issuer agrees that Other Covenants of the Issuer set forth in any other document related to Parity Bonds existing as of the Date of Issuance or that shall be entered into and created subsequent to the Date of Issuance pursuant to the Ordinance (the documents related to such Parity Bonds being referred to herein as "Other Debt Documents," which Other Debt Documents shall include, without limitation, any supplement to the Ordinance, any bond insurance agreement, line of credit, reimbursement agreement, liquidity facility, interest rate hedge agreement and surety bond relating to such Parity Bonds), together

with the related definitions of terms contained therein, are hereby incorporated by reference in this Agreement for the benefit of the Bank; *provided, however*, that clause (l)(i) above and this clause (l)(ii) are not intended to provide, and do not provide, the Bank with a security interest in, any benefit to, or any other rights in, any debt service reserve fund or other security or collateral created or otherwise set aside pursuant to any Other Debt Documents, other than the Bank's rights to other collateral and security created in favor of the Bank pursuant to the terms of the Seventh Supplement and as an owner from time to time of Bank Bonds.

(iii) To the extent that the consent, approval or permission of the holders of Bonds (as defined in the Original Bond Ordinance) or the other parties to one or more of the Other Debt Documents is required in order for any covenant(s) or the related definitions incorporated by reference herein pursuant to clauses (l)(i) and (l)(ii) above be amended, supplemented, waived or otherwise modified, said covenants (including one or more of the Other Covenants) or related definitions, or both, may be so amended, supplemented, waived or modified without the consent of the Bank; *provided, however*, that the provisions of the Ordinance and the Seventh Supplement (and the related definitions) relating to the security and the rights, duties and obligations of the Bank thereunder, whether as provider of the Letter of Credit or as an owner from time to time of Bank Bonds, may not, notwithstanding the foregoing provisions of this clause (l)(iii), be amended, supplemented, waived or otherwise modified without the prior written consent of the Bank.

5.2. Negative Covenants. So long as the Letter of Credit is outstanding and until all of the obligations of the Issuer arising under or pursuant to this Agreement shall have been paid in full, the Issuer shall not do any of the following, without the prior written consent of the Bank, which consent shall not be unreasonably withheld:

(a) Successor Remarketing Agent, Paying Agent and Tender Agent. (i) Cause or permit the appointment of a successor Remarketing Agent, Paying Agent or Tender Agent; or (ii) remove the Remarketing Agent, Paying Agent or Tender Agent and, in no event and notwithstanding any provision to the contrary in the Ordinance, shall the Issuer permit the position of Remarketing Agent be vacant without the prior written consent of the Bank; *provided, however*, that if and to the extent the Paying Agent or the Tender Agent shall be the same entity as the Bank, or an affiliate thereof, the Issuer need not obtain the prior written consent for the removal of the Paying Agent or the Tender Agent; or

(b) Amendment, Supplement, Modification, Termination or Waiver of Financing Documents, Etc. Except as otherwise provided in Section 5.1(j), enter into or consent to any amendment, supplement or modification to, or termination or waiver of, nor will it accept the benefit of any waiver of, any provision of the Remarketing Agreement, the Tender Agent Agreement or any of the Financing Documents; *provided, however*, that the Issuer need not obtain the prior written consent of the Bank in connection with any amendment, supplement or modification of the Financing Documents described in clause (A) of Article IX of the Original Bond Ordinance.

(c) Interest on Bonds. Take any action or allow any action to be taken that is within its respective power and control, after the Date of Issuance, which would cause interest on the Bonds to be included in gross income of the recipient thereof for federal income tax purposes.

(d) Accounting Methods and Fiscal Year. Adopt, permit or consent to any material change in accounting practices other than as required or permitted by GAAP.

(e) Use of the Bank's Name. Permit the use of the Bank's name or description in any official statement or other offering document unless the Bank shall have approved of the description of the Bank contained in such document; *provided, however*, that the Issuer may use the name of the Bank and a description thereof, without obtaining the prior written consent of the Bank, if said use and description are included in any official statement or other offering document for bonds, debentures, notes or other similar securities for which the Bank is serving as Paying Agent, Tender Agent or in any other fiduciary capacity.

(f) Investments. Use the proceeds of any Drawing under the Letter of Credit in violation of Regulation U promulgated by the Board of Governors of the Federal Reserve System.

(g) Conversion. Cause a Conversion Date to occur with respect to the Bonds.

(h) Consolidation, Merger, etc. The Issuer will not consolidate the System into, or merge the System with or into, the operations of any Person, or sell, lease or otherwise transfer all or substantially all of the assets of the System to any other Person except as permitted by the Ordinance and the laws and Constitution of the State of South Carolina.

Section 6. EVENTS OF DEFAULT AND REMEDIES.

6.1. Events of Default. If any of the following (each an "Event of Default") shall occur and be continuing:

(a) any representation or warranty made by the Issuer under or in connection with (or incorporated by reference in) this Agreement, the Remarketing Agreement, the Tender Agent Agreement, the Purchase Agreement and, as and to the extent applicable, the Financing Documents or in any certificate or statement required to be delivered by the Issuer hereunder or thereunder shall prove to be untrue in any material respect on the date on which it was made and, in the case of the Financing Documents, on the date of enactment thereof; or

(b) nonpayment by the Issuer of (i) any amounts payable under Section 2.2(a), 2.2(b), 2.2(c), 2.2(e)(i) or 2.2(e)(ii) of this Agreement when due, (ii) any amounts payable under Section 2.2(e)(iii), 2.2(e)(iv) or 7.6 of this Agreement, when due and such default in payment shall continue for five (5) Business Days after written demand therefor by the Bank and (iii) any amounts payable under Section 2.6, 2.8 or 7.4 of this Agreement when due and such default in payment shall continue for the greater of (A) the grace period provided in said Section or (B) thirty (30) calendar days, in each case, after written demand therefor by the Bank;

(c) the breach by the Issuer of any of the other terms or provisions of (or incorporated by reference in) this Agreement (other than as set forth in (a) or (b) above) which are not remedied within thirty (30) calendar days after written notice thereof shall have been received by the Issuer from the Bank; *provided, however*, that if the breach is other than non-payment of monies and cannot be corrected within such 30-day cure period, the Bank shall not unreasonably withhold its consent to a one-time extension of such cure period for an additional thirty (30) day period (commencing as of the last day of the initial 30-day cure period) so long as the Issuer shall have instituted corrective action and such corrective action is being diligently pursued; *provided, further, however*, that there shall be no cure period for a failure to observe or perform any covenant or agreement set forth in or contemplated by Section 5.1(g), 5.1(h), 5.1(i), 5.2(b), 5.2(c) or 5.2(h); or

(d) any material provision of this Agreement, the Bonds, the Remarketing Agreement, the Tender Agent Agreement or any Financing Document shall at any time for any reason cease to be valid and binding on the Issuer or any other Person party thereto or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the Issuer or by any Governmental Authority having jurisdiction, or any Governmental Authority having jurisdiction shall find or rule that any material provision of this Agreement, the Bonds, the Remarketing Agreement, the Tender Agent Agreement or any Financing Document is not valid or binding on the Issuer, or the Issuer shall deny that it has any or further liability or obligation under any such document; or

(e) (i) the Issuer shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it the bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Issuer shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Issuer any case, proceeding or other action of a nature referred to in clause (i) above which (x) results in an order for such relief or in the appointment of a receiver or similar official or (y) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (iii) there shall be commenced against the Issuer, any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets, which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (iv) the Issuer shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) the Issuer shall generally not, or shall be unable to, or so admit in writing its inability to, pay its Debts or becomes insolvent within the meaning of Section 101(32) of the United States Bankruptcy Code of 1978, as it may be amended from time to time (Title 11 of the United State Code), and any successor statute thereto or (vi) a debt moratorium or comparable extraordinary restriction on repayment of Debt shall have been declared or announced (whether or not in writing) by the Issuer or imposed by a Governmental Authority with jurisdiction over the Issuer with respect to the Bonds, any Bank Bonds, any Parity Bonds or any other Debt issued pursuant to the Ordinance; or

(f) (i) the Issuer shall default in any payment of principal of or interest or any premium on any Parity Bonds and such default shall continue beyond the expiration of the applicable grace period, if any, or (ii) the Issuer shall fail to perform any other agreement, term or condition contained in the Ordinance which results in the Bonds or any Parity Bonds becoming due and payable prior to the scheduled date therefor or which enables (or, with the giving of notice or lapse of time, or both would enable) the holders of such Bonds or Parity Bonds, or any Person acting on behalf of such holders, to accelerate the maturity thereof; *provided* that none of the foregoing shall constitute an Event of Default under this Agreement so long as the Issuer is diligently contesting in good faith by appropriate legal proceedings its obligation to make such payment or the amount of the payment required or to perform or observe such agreement, term or condition; or

(g) a final judgment or order for the payment of money payable from Net Revenues in an amount in excess of \$1,000,000 shall have been rendered against the Issuer and such judgment or order shall not have been satisfied, stayed or bonded pending appeal within a period of sixty (60) days from the date on which it was first so rendered; *provided however*, that no judgment or order shall be deemed to have not been satisfied, stayed or bonded pending appeal if the Issuer has entered into an agreement to pay such judgment or order over a period of time and the Issuer is not in default under such agreement; or

(h) there shall have been rendered a determination that interest on any of the Bonds is includable in the gross income of the owners thereof for federal income tax purposes, as a result of the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service, whether or not such decree, judgment or action is appealable or deemed to be final under applicable procedural law, or delivery to the Bank, the Issuer, the Paying Agent and the Tender Agent of an opinion of nationally recognized bond counsel selected by the Bank and reasonably acceptable to the Issuer, to the effect that the interest borne by the Bonds is includable in the gross income of the recipients thereof generally for federal income tax purposes; or

(i) a Rating Agency shall have (i) withdrawn the long-term rating assigned to the Issuer's Parity Bonds, (ii) suspended the long-term rating assigned to the Issuer's Parity Bonds, or (iii) lowered its long-term rating assigned to the Issuer's Parity Bonds to "A2" or below, in the case of Moody's, or "A" or below, in the case of S&P (or to the equivalent rating then in effect with respect to Moody's or S&P), respectively; *provided, however*, that any withdrawal, suspension or downgrade described in the foregoing provisions of this Section 6.1(i) shall not be deemed an Event of Default hereunder if said withdrawal, suspension or downgrade, as the case may be, shall be attributable to the withdrawal, suspension or downgrade of the long-term ratings assigned to any third party credit enhancement provider; or

(j) any pledge or security interest created by the Ordinance or this Agreement to secure any amount due under the Bonds, any Bank Bonds or any Parity Bonds shall fail to be fully enforceable with the priority required under the Ordinance by reason of a final, non-appealable judgment of a court of competent jurisdiction.

6.2. Remedies. If any Event of Default occurs and is continuing, then, and in any such event, the Bank may, at the same or different times, so long as such Event of Default shall not

have been remedied, proceed to enforce all remedies available to it hereunder and under the Bonds and the Financing Documents and applicable law and in equity, including, without limitation:

(a) Notice and Termination. The Bank may notify the Paying Agent of such occurrence, direct the Paying Agent to cause a mandatory tender of the Bonds as provided in Section 6(d) of the Seventh Supplement, and state that the Letter of Credit will terminate on the fifth (5th) calendar day following the date the Paying Agent receives such written notice from the Bank.

(b) Acceleration. Subject to the limitations contained in Section 11.1 of the Original Bond Ordinance, the Bank may declare all amounts payable hereunder (other than Bank Bonds) to be, whereupon the same shall become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Issuer; *provided* that in the case of any Event of Default specified in Section 6.1(e) above, all amounts payable hereunder shall be immediately due and payable without the giving of any notice to the Issuer or the taking of any other action by any Person.

(c) Right of Setoff. Upon the occurrence of an Event of Default, the Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to setoff, to exercise any banker's lien or any right of attachment and apply any and all balances, credits, deposits (general or special, time or demand, provisional or final), accounts or monies at any time held and other indebtedness at any time owing by the Bank to or for the account of the Issuer or the System against any and all of the obligations of the Issuer hereunder or in connection with any Bank Bonds, whether or not the Bank shall have made any demand for any amount owing to the Bank by the Issuer and although such obligations may be unmatured. Notwithstanding the foregoing, however, the rights of the Bank described in the immediately foregoing sentence will be limited to the balances, credits, deposits (general or special, time or demand, provisional or final), accounts or monies derived solely from Revenues deposited by the Issuer with U.S. Bank National Association, in its capacities as (i) provider of the Letter of Credit, (ii) as Custodian (as defined in the Ordinance) or (iii) as Tender Agent or Paying Agent with respect to the Bonds; *provided, however*, that moneys that have been advanced by the Bank pursuant to a Drawing made pursuant to the Letter of Credit will not be subject to the right of setoff described in this clause (c).

(d) Other. In addition to the rights and remedies set forth in Section 6.2(a), (b) and (c) above, in the case of any Event of Default specified in Section 6.1 hereof, the Bank may (i) assess interest on all amounts due and payable hereunder at the Default Rate and (ii) exercise all of its rights and remedies under or in respect of the Bonds and the Financing Documents or all other rights and remedies available at law or in equity.

All the foregoing remedies shall be cumulative. Promptly following the delivery of notice of termination of the Letter of Credit, the Bank shall give notice thereof to the Issuer, the Remarketing Agent, the Paying Agent and the Tender Agent, but failure to give such notice to the Issuer, the Remarketing Agent, the Paying Agent or the Tender Agent shall not impair the effect of such notice.

Section 7. MISCELLANEOUS.

7.1. Amendments, Etc. No amendment, modification or waiver of any provision of this Agreement nor consent to any departure by the parties hereto shall in any event be effective unless the same shall be in writing and signed by the Issuer and the Bank and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

7.2. Addresses for Notices: Payments to the Bank. All notices and other communications provided for hereunder shall be in writing and,

(a) if to the Issuer, mailed or delivered to:

City of Columbia
1737 Main Street
Columbia, South Carolina 29217-0147
Attention: Interim City Manager
Telephone: [TEXT TO COME]
Telecopier: [TEXT TO COME]

(b) if to the Bank, mailed or delivered to:

U.S. Bank National Association
111 SW Fifth Avenue, Suite 500
Portland, Oregon 97204
Attention: International Dept.
Telephone: (503) 275-6059
Telecopier: (503) 275-5132

(the foregoing being the Bank's "Payment Office")

With a copy (except for drawings on the Letter of Credit) to:

U.S. Bank National Association
461 Fifth Avenue, 7th Floor
New York, New York 10017
Attention: Jeffrey Heckman, Managing Director
mailcode: EX-NY-FA7
Telephone: (646) 935-4524
Telecopier: (646) 935-4533

(c) if to the [Paying Agent/Tender Agent], mailed or delivered to:

U.S. Bank National Association
535 Griswold, Suite 550
Detroit, Michigan 48226
Attention: Corporate Trust Department

Telephone: (313) 234-4716
Telecopier: (313) 963-9428

(d) if to the Remarketing Agent, mailed or delivered to:

Morgan Keegan & Company
[TEXT TO COME]
[TEXT TO COME]
Attention: [TEXT TO COME]
Telephone: [TEXT TO COME]
Telecopier: [TEXT TO COME]

or as to each party at such other address as shall be designated by such party in a written notice to the other party. All such notices and other communications shall, when mailed certified or registered mail, be effective three (3) days after the date of deposit in the mail, addressed as aforesaid.

Payments to the Bank under this Agreement shall be made to the account of the Bank or to such other accounts as the Bank may from time to time designate in writing to the Issuer.

7.3. No Waiver: Remedies. No failure on the part of the Bank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

7.4. Indemnification.

(a) To the extent permitted by applicable law, the Issuer hereby indemnifies and holds harmless the Bank from and against any and all claims, damages, losses, liabilities, costs or expenses whatsoever which the Bank may incur (or which may be claimed against the Bank by any person or entity whatsoever) by reason of or in connection with the sale or remarketing of the Bonds (including, without limitation, by reason of any inaccuracy in any material respect, or any untrue statement or alleged untrue statement of any material fact, contained in the Official Statement or any other disclosure material prepared by or on behalf of the Issuer for dissemination to holders or potential holders of Bonds with respect to the Bonds, or by reason of the omission or alleged omission to state therein a material fact necessary to make such statements, in the light of the circumstances under which they were made, not misleading), the execution and delivery of this Agreement or the Remarketing Agreement by the Issuer or the enactment of the Ordinance, including the Seventh Supplement, by the Issuer or the issuance of the Letter of Credit or the transfer of the Letter of Credit, or payment or failure to pay under the Letter of Credit; *provided, however*, that the Issuer shall not be required to indemnify the Bank for any claims, damages, losses, liabilities, costs or expenses (i) to the extent, but only to the extent, caused by the willful misconduct or negligence of the Bank, as the case may be, (ii) the information included in the Official Statement regarding DTC or its affiliates, the information describing registration and transfer of Bonds while said Bonds are registered with DTC and the

information set forth in the section entitled "Book-Entry-Only System", and (iii) the information set forth in the section entitled "[_____]" provided by the Bank for inclusion therein.

(b) The Bank agrees that it shall, promptly after the receipt of notice of the commencement of any action against the Bank in respect of which indemnification may be sought against the Issuer, notify the Issuer in writing of the commencement thereof. The Issuer shall not be liable for any settlement of any action effected without the consent of the Issuer [(which shall not be unreasonably withheld)] but if settled with the consent of the Issuer or if there is a final judgment for the plaintiff in any such action, the Issuer, to the extent permitted by applicable law, will reimburse and hold harmless the Bank from and against any loss or liability by reason of such settlement or judgment insofar as such settlement or judgment shall relate to any liability with respect of which indemnification may be sought hereunder.

(c) Nothing in this Section 7.4 is intended to limit any other obligations of the Issuer contained in Section 2 hereof. The provisions of this Section 7.4 shall survive the termination of this Agreement.

7.5. Successors and Assigns; Third Party Beneficiaries.

(a) This Agreement shall (i) be binding upon the Issuer, its successors and assigns, and (ii) inure to the benefit of and be enforceable by the Bank and its successors, transferees and assigns; *provided*, that the Issuer may not assign all or any part of this Agreement without the prior written consent of the Bank and the Bank may not assign all or any part of this Agreement without the prior written consent of the Issuer. No such assignment shall release the Bank from its obligations under the Letter of Credit. The Bondholders are not third party beneficiaries of the provisions hereof and the Bank shall not have any obligations or duties under this Agreement with respect to the Bondholders.

(b) The Bank may at any time grant to one or more Participants participating interests in the Letter of Credit, this Agreement, the Financing Documents or any or all the Bank Bonds. In the event of any such grant by the Bank of a participating interest to a Participant, the Bank shall remain responsible for the performance of its obligations under the Letter of Credit and hereunder, and the Issuer shall continue to deal solely and directly with the Bank in connection with the Bank's rights and obligations under such Letter of Credit and under this Agreement. Any agreement pursuant to which the Bank may grant such a participating interest shall provide that the Bank shall retain the sole right and responsibility to enforce the obligations of the Issuer hereunder including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement; *provided*, that such participation agreement may provide that the Bank will not agree to any modification, amendment or waiver of this Agreement that would (i) increase or decrease the Stated Amount of the Letter of Credit or subject the Bank to any additional obligation, (ii) reduce the principal of or rate of interest on any Bank Bond or any amount payable under Section 2.2(a), 2.2(b) or 2.2(c) or (iii) postpone the date fixed for any payment of principal of, or interest on, any Bank Bond or any amount payable under Section 2.2(a), 2.2(b) or 2.2(c) or for any reduction or termination of the Stated Amount of the Letter of Credit, in each case, without the consent of the Participant. The Issuer agrees that each Participant shall, to the extent provided in its participation agreement, be entitled to the

benefits of Sections 2.6, 2.8 and 7.4 with respect to its participating interest to the extent the Bank would have received payments under Sections 2.6, 2.8 and 7.4.

(c) Notwithstanding the foregoing, the Bank may assign and pledge all or any portion of the amounts owing to it with respect to Bank Bonds and hereunder to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank. No such assignment shall release the Bank from its obligations under the Letter of Credit.

7.6. Fees and Expenses. To the extent permitted by law, the Issuer shall pay any and all fees and expenses, including taxes (other than any taxes measured by or based upon the income of the Bank), fees, charges and recording costs, if any, payable or incurred by the Bank as an out-of-pocket expense incurred other than in the ordinary course of business in connection with any payment made by the Bank under or with respect to the Letter of Credit or in connection with the execution, delivery, performance, administration and enforcement of the Bonds and the Financing Documents, and any amendments, modifications, supplements, consents and waivers with respect thereto including, without limitation, the reasonable fees and expenses of Bank Counsel, and agrees to save the Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such fees, expenses, taxes, costs and charges, if any; *provided* that the Bank agrees promptly to notify the Issuer of any such fees, expenses and taxes, if any; and *provided further* that the fees and expenses of Bank Counsel in connection with the execution and delivery of this Agreement and the Letters of Credit shall not exceed \$45,000 plus reasonable expenses of Bank Counsel.

7.7. Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

7.8. Governing Law, Waiver of Jury Trial; Submission to Jurisdiction.

(a) THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND FOR ALL PURPOSES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK; PROVIDED THAT THE DUTIES AND OBLIGATIONS OF THE ISSUER UNDER THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF SOUTH CAROLINA, WITHOUT GIVING EFFECT TO CONFLICT OF LAW PRINCIPLES. EACH OF THE PARTIES HERETO AGREE THAT THE LETTER OF CREDIT WILL BE GOVERNED BY THE LAW SET FORTH THEREIN.

(b) TO THE EXTENT PERMITTED BY LAW, THE ISSUER AND THE BANK WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OR ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, ANY OTHER DOCUMENT DELIVERED IN CONNECTION HERewith,

OR THE TRANSACTIONS CONTEMPLATED HEREBY OR IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY BANK-RELATED PERSON, PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE ISSUER AND THE BANK AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT JURY.

(c) TO THE EXTENT PERMITTED BY APPLICABLE LAW, IN CONNECTION WITH ANY CIVIL ACTION OR PROCEEDING ARISING OUT OF, BASED UPON OR IN ANY WAY CONNECTED TO THIS AGREEMENT, EACH OF THE BANK AND THE ISSUER SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURTS SITTING IN THE STATE OF NEW YORK OR THE UNITED STATES DISTRICT COURTS SITTING IN THE STATE OF SOUTH CAROLINA, AND EACH OF THE ISSUER AND THE BANK AGREES THAT SUCH COURTS ARE CONVENIENT FORUMS.

7.9. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

7.10. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

7.11. Obligations Absolute. The obligations of the Issuer under this Agreement shall be absolute, unconditional and irrevocable, and shall be paid and performed strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including, without limitation, the following circumstances:

(a) any lack of validity or enforceability of this Agreement, the Bonds, the Remarketing Agreement, the Tender Agent Agreement or any of the Financing Documents or any other agreement or instrument delivered in connection herewith and therewith;

(b) any amendment or waiver of, or any consent to, or departure from, all or any terms of the Bonds, the Remarketing Agreement, the Tender Agent Agreement or any of the Financing Documents;

(c) the existence of any claim, set-off, defense, or other right which the Issuer may have at any time against the Paying Agent, the Tender Agent, the Remarketing Agent, the Bank (other than the defense of the payment to the Bank in accordance with the terms of this Agreement) or any other person or entity, whether in connection with this Agreement, the Bonds, the Remarketing Agreement, the Tender Agent Agreement, any of the Financing Documents or any unrelated transactions;

(d) any certificate, notice or any other document presented other than by the Bank under this Agreement, the Letter of Credit or any of the Financing Documents proving to

be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;

(e) any dispute or claims between or among the Issuer, the Paying Agent, the Tender Agent, the Remarketing Agent or any Bondholder or any transferee or any other entity; or

(f) any other circumstances or happening whatsoever, whether or not similar to any of the foregoing.

7.12. Patriot Act. The Bank hereby notifies the Issuer that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify and record information that includes the name and address of the Issuer and other information that will allow the Bank to identify the Issuer in accordance with the Patriot Act.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

(SEAL)

CITY OF COLUMBIA, SOUTH CAROLINA

ATTEST:

By: _____

Name:

Title: Mayor

Clerk

Date of First Reading:

U.S. BANK NATIONAL ASSOCIATION

Date of Second Reading:

By: _____

Name: Jeffrey Heckman

Title: Vice President

SCHEDULE I

Level	Rating Category Moody's/S&P	Commitment Fee
I	Above Aa2/AA	0.720%
II	Equal to Aa2/AA	0.820%
III	Equal to Aa3/AA-	0.895%
IV	Equal to A1/A+	1.095%
V	Equal to A2/A	1.545%
VI	Equal to or below A3/A-	2.345%

The Commitment Fee for any date shall be determined by reference to the Rating Category assigned to the Bonds for such date. A Downgrade in the Rating Category assigned to the Bonds or any Parity Bonds will result in an increase in the Commitment Fee as indicated for the applicable Level in the table above and an Upgrade in the Rating Category assigned to the Bonds or any Parity Bonds shall result in a decrease in the Commitment Fee as indicated for the applicable Level in the table above. If an Upgrade or Downgrade occurs other than on a Fee Payment Date, the determination of the Commitment Fee due on the next succeeding Fee Payment Date will be pro-rated to reflect such Upgrade or Downgrade, as applicable. If the Rating Categories assigned by the Rating Agencies appear in more than one row (i.e., a split rating), the Commitment Fee will be based on the row that includes the lowest rating. If any Rating Agency shall withdraw or suspend its rating of the Bonds or any Parity Bonds for a credit related reason, then the Commitment Fee applicable to each Level shall increase automatically and immediately by 1.00% per annum above the Commitment Fee indicated in the table above remains in effect. The Commitment Fee will be reduced by the amount described in the foregoing provisions on such date that the Rating Agency in question shall have publicly announced the reinstatement of the rating assigned to the Bonds or Parity Bonds in question.

In addition to the foregoing, upon the occurrence of any Event of Default, and for so long as said Event of Default has not been cured to the reasonable satisfaction of the Bank or waived by the Bank, the Commitment Fee applicable to each Level shall increase automatically and immediately by 1.00% per annum above the Commitment Fee shown in the table above until the same has been cured to the reasonable satisfaction of the Bank or waived by the Bank.

U.S. BANK NATIONAL ASSOCIATION
111 SW FIFTH AVENUE, SUITE 500
PORTLAND, OREGON 97204

IRREVOCABLE DIRECT PAY LETTER OF CREDIT NO. [_____]

[September __, 2009]

U.S. Bank National Association

[_____]

[_____]

Attention: [_____]

Re: City of Columbia, South Carolina
Waterworks and Sewer System Revenue Bonds, Series 2009

Ladies and Gentlemen:

1. At the request of the City of Columbia, South Carolina (together with its successors and assigns, the "Issuer"), we, U.S. Bank National Association (the "Bank"), hereby establish in favor of U.S. Bank National Association, as Paying Agent (the "Paying Agent") for the holders of the above-referenced bonds (the "Bonds") issued by the Issuer pursuant to the General Bond Ordinance No. 93-43, enacted by the City Council of the Issuer (the "Council") on May 21, 1993 (as amended to the date hereof and, in particular, as amended by the Third Supplemental Ordinance No. 2001-090, enacted by the Council on October 24, 2001, collectively referred to herein as the "Original Bond Ordinance"), the Fifth Supplemental Ordinance No. 2007-072, enacted by the Council on September 19, 2007 (as amended to the date hereof, the "Fifth Supplemental Ordinance") and the Seventh Supplemental Ordinance No. [____], enacted by the Council on [____], 2009 (the Fifth Supplemental Ordinance and the Seventh Supplemental Ordinance, as each of the foregoing may be amended from time to time, being referred to herein collectively as the "Seventh Supplement" which, together with the Original Bond Ordinance, is referred to hereinafter from time to time as the "Ordinance"), this Irrevocable Direct Pay Letter of Credit No. [____] (the "Letter of Credit"). This Letter of Credit is issued pursuant to that certain Letter of Credit and Reimbursement Agreement, dated as of [September __, 2009] (as the same may be amended and supplemented, the "Reimbursement Agreement"), by and between the Issuer and the Bank. This Letter of Credit is issued in the aggregate amount not exceeding [\$____] (as such amount is reduced or reinstated from time to time, the "Stated Amount"), of which (a) an amount not exceeding [\$____] may be drawn upon by the Paying Agent, with respect to unpaid principal amount of the Bonds, or the principal portion of the purchase price of the Bonds tendered to you, as paying agent, or any successor paying agent under the Ordinance, and (b) an amount not exceeding \$[____] may be drawn upon by the Paying Agent with respect to the payment of interest on the Bonds or the interest portion of the purchase price of Bonds so tendered for purchase representing [47] days' interest (calculated on the basis of a rate of 12% per annum

based upon a year of 365 or 366 days and the actual number of days elapsed). This Letter of Credit is effective commencing as of the opening of business in New York City on [September __, 2009] and expires on [____], 2012 (the "Stated Expiration Date"), unless terminated earlier in accordance with the provisions hereof.

2. Funds under this Letter of Credit are available to you against your presentation of a sight draft in the form of Annex 1 hereto, accompanied by one of the following certificates, which shall be made by hand delivery, telecopier (teletype no. (503) 275-5132) at the office of the Bank located at 111 SW Fifth Avenue, Suite 500, Portland, Oregon 97204, Attention: International Dept., or at any other office or offices or number or numbers which may be designated by the Bank by written notice delivered to you. Each demand for payment under this Letter of Credit shall be made under a drawing certificate:

(a) in the form of Annex A attached hereto (an "A Drawing") if the drawing is made pursuant to Section 15(b) of the Seventh Supplement for the payment of principal of the Bonds at maturity, upon prior redemption, defeasance or acceleration;

(b) in the form of Annex B attached hereto (a "B Drawing") if the drawing is made pursuant to Section 15(a) of the Seventh Supplement for the payment of interest on the Bonds on each regularly scheduled interest payment date, and at maturity or upon prior redemption, defeasance or acceleration;

(c) in the form of Annex C attached hereto (a "C Drawing") if the drawing is made pursuant to Section 31 of the Seventh Supplement for the payment of the portion of the purchase price equal to the principal amount of Bonds (other than Bank Bonds (as defined in the Seventh Supplement) and Bonds owned by or on behalf of the Issuer) tendered pursuant to Section 6 of the Seventh Supplement; and

(d) in the form of Annex D attached hereto (a "D Drawing") if the drawing is made pursuant to Section 31 of the Seventh Supplement for the payment of the portion of the purchase price equal to the amount of accrued and unpaid interest to the date of purchase of Bonds (other than any Bank Bonds and Bonds owned by or on behalf of the Issuer) tendered pursuant to Section 6 of the Seventh Supplement.

The aforesaid certificates shall have all blanks appropriately filled in and shall be signed by a purported officer of the Paying Agent and the aforesaid certificates shall be either in the form of a letter on the letterhead of the Paying Agent or a communication by telecopy on the letterhead of the Paying Agent delivered or transmitted to us.

3. We hereby agree with you that all demands for payment made under and in compliance with the terms of this Letter of Credit will be duly honored upon delivery or transmission of the certificate(s) as specified in paragraph 2 hereof and if presented at the aforesaid office on or before the expiration or termination date hereof. If a Drawing is made hereunder at or prior to 11:30 a.m., New York City time, on a Business Day, and provided that such Drawing and the documents presented in connection therewith conform to the terms and conditions hereof, payment shall be made of the amount specified in immediately available funds, no later than 2:00 p.m., New York City time, on the same Business Day. If such Drawing

is made hereunder after 11:30 a.m., New York City time, on a Business Day and provided that such Drawing and the documents presented in connection therewith conform to the terms and conditions hereof, payment shall be made of the amount specified in immediately available funds, no later than 1:00 p.m., New York City time, on the next succeeding Business Day. The Bank shall pay all Drawings under this Letter of Credit with its own funds. Payment under this Letter of Credit shall be made by the Bank by wire transfer to the Paying Agent, U.S. Bank National Association, ABA No. [____], Account No. [____], For Final Credit To: [____], Reference: [Columbia Waterworks (Series 2009)]. Such account may be changed only by presentation to the Bank of a letter in form satisfactory to the Bank specifying a different account with the Paying Agent and executed by the Paying Agent. If a Drawing for payment is not effected in conformity with this Letter of Credit, the Bank shall notify you to that effect by telecopy, with telephone confirmation to such telephone numbers designated by you to us, and, provided this Letter of Credit shall not have expired, you may attempt to correct any such nonconforming Drawing for payment to the extent that you are entitled by law to do so. As used in this Letter of Credit, "Business Day" shall mean any day other than (i) a Saturday or Sunday, (ii) a day on which banks located in New York, New York or in any of the cities in which the principal office of the Issuer, the Bank, the Paying Agent or the Remarketing Agent are required or authorized by law or executive order to remain closed or (iii) a day on which the New York Stock Exchange is closed.

4. Multiple drawings may be made hereunder; provided, that each A Drawing and C Drawing honored by the Bank hereunder shall pro tanto reduce the amount available under this Letter of Credit for such Drawings; and provided, further, that, subject to paragraph 5 hereof, each B Drawing and D Drawing honored by the Bank hereunder shall pro tanto reduce the amount available under this Letter of Credit for such Drawings. Payments made in respect of any Drawing (whether or not complying with the terms of this Letter of Credit) shall so reduce by the amount of such payments the amounts which the Paying Agent may draw hereunder notwithstanding any acts or omissions, whether authorized or unauthorized, of the Paying Agent or any officer, director, employee or agent of the Paying Agent in connection with any drawing hereunder or the proceeds thereof or otherwise in connection with this Letter of Credit.

5. Upon receipt by the Bank of reimbursement of all or any portion of the amounts of any C Drawing and of the corresponding portion of the accompanying D Drawing, if any, pursuant to the terms of the Reimbursement Agreement, the Stated Amount of this Letter of Credit (and the portion thereof available to pay A Drawings and C Drawings) shall be automatically reinstated by the Bank by an amount equal to the principal amount of Bank Bonds released pursuant to the terms of the Reimbursement Agreement in respect of the reimbursement of such C Drawing, and such Stated Amount (and the portion thereof available to pay B Drawings and D Drawings) shall be additionally automatically reinstated by the Bank, if not previously reinstated, by an amount equal to such corresponding portion of such D Drawing. The Bank shall promptly notify the Paying Agent of the amount of the reinstatement; provided that the failure to provide such notice shall have no effect on the reinstatement of the amount thereof.

6. Five (5) calendar days after your presentation to us of a B Drawing in compliance with the terms hereof resulting in a payment to you in respect of interest on Bonds, an amount equal to such payment shall be automatically reinstated at the close of business on such fifth (5th) calendar day to the Stated Amount of this Letter of Credit (and to the portion thereof available to

pay B Drawings and D Drawings), subject to any further subsequent reductions in the Stated Amount of this Letter of Credit pursuant to the terms hereof, unless (a) you shall have received notice from the Bank on our behalf by hand delivery, telecopier or registered mail prior to the close of business on such fifth (5th) calendar day stating that we have not been reimbursed for such payment in accordance with the terms of the Reimbursement Agreement, and as a consequence there shall be no such reinstatement, or (b) the Stated Expiration Date occurs prior to the fifth (5th) calendar day after such presentation.

7. The Stated Amount of this Letter of Credit may also be permanently reduced by the amount indicated in any request received from you (and acknowledged by the Issuer) in the form of Annex G hereto, such reduction to become effective on the third (3rd) Business Day following our receipt of such request.

8. Only the Paying Agent may make drawings under this Letter of Credit. Upon payment in full of principal and interest as provided in paragraph 3 of the amount specified in a drawing certificate drawn hereunder, we shall be fully discharged of our obligation under this Letter of Credit with respect to such drawing certificate.

9. This Letter of Credit is intended to apply only to (a) the principal amount of Bonds and (b) [47] days of interest on Bonds (calculated on the basis of a rate of up to 12% per annum based upon a year of 365 or 366 days and the actual number of days elapsed) accruing on or prior to the maturity thereof (whether at the stated maturity date or upon redemption, acceleration or otherwise), subject to reinstatement as provided in paragraphs 4 and 6 hereof, and is not intended to apply to any interest that may accrue thereon after such maturity.

10. Upon the earliest of (a) the fifth (5th) calendar day next following delivery by the Bank to the Paying Agent of the written notice set forth in Section 6.2(a) of the Reimbursement Agreement, (b) the payment by us of the final drawing available to be made hereunder which is not subject to reinstatement, (c) the Stated Expiration Date hereof and (d) our receipt of your certificate in the form of Annex F hereto, this Letter of Credit shall automatically terminate.

11. Unless otherwise specified herein, communications (other than the presentation of drawing certificates) with respect to this Letter of Credit shall be in writing and shall be addressed to the Bank at 111 SW Fifth Avenue, Suite 500, Portland, Oregon 97204, Attention: International Dept. or by telecopy (telecopy no. (503) 275-5132) specifically referring thereon to this Irrevocable Direct Pay Letter of Credit by number.

12. You may transfer your rights under this Letter of Credit in their entirety (but not in part) to any transferee who has succeeded to you as Paying Agent under the Ordinance and such transferred rights may be successively transferred. Transfer of your rights under this Letter of Credit to any such transferee shall be effected upon the presentation to the Bank of this Letter of Credit accompanied by a transfer letter in the form attached hereto as Annex E.

13. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Bonds), except

only the certificates and letters referred to herein; and no such reference shall be deemed to incorporate herein by reference any document, instrument or agreement.

14. To the extent not inconsistent with the express provisions hereof, this Letter of Credit shall be governed by the Uniform Customs and Practice for Documentary Credit (2007 Revision), International Chamber of Commerce, Publication No. 600 (“UCP”) as interpreted under the laws of the State of New York; provided, however, that: (a) notwithstanding the provisions of Article 36 of the UCP, if this Letter of Credit expires during an interruption of business (as described in Article 36 of the UCP), the Bank agrees to effect payment under this Letter of Credit if a Drawing which strictly conforms to the terms and conditions of this Letter of Credit is made within fifteen (15) days after the resumption of business; (b) this Letter of Credit will not terminate because of a failure to make any permitted drawings hereunder as provided in Article 32 of the UCP; and (c) notwithstanding the provisions of Sub-Article 38(c) of the UCP, the consent of a prior Paying Agent will not be required in connection with the amendment of this Letter of Credit following a transfer of said Letter of Credit to any successor Paying Agent. As to matters not covered by the UCP, this Letter of Credit shall be governed by the laws of the State of New York, including, to the extent not consistent with the UCP, the Uniform Commercial Code as in effect in the State of New York.

Very truly yours,

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name:
Title:

ANNEX 1

SIGHT DRAFT

To: U.S. Bank National Association
111 SW Fifth Avenue, Suite 500
Portland, Oregon 97204
Attention: International Dept.
Telephone: (503) 275-6059
Telecopier: (503) 275-5132

Re: U.S. Bank National Association Irrevocable Direct Pay Letter of Credit No. _____

Sight Draft Amount: \$ _____

Sight Draft Date: _____, 20__

At sight of this draft, pay to the order of [_____], as Paying Agent, acting for the benefit of the bondholders (the "Paying Agent") authorized and issued under the Ordinance, and as beneficiary under the above-referenced Letter of Credit, the sight draft amount referenced above. Terms not otherwise defined herein will have the meaning set forth in the Letter of Credit.

U.S. Bank National Association, as Paying Agent

By: _____
Name:
Title:

ANNEX A

TO

U.S. BANK NATIONAL ASSOCIATION
111 SW FIFTH AVENUE, SUITE 500
PORTLAND, OREGON 97204
IRREVOCABLE DIRECT PAY LETTER OF CREDIT NO. _____

[Letterhead of Paying Agent]

[Date]

U.S. Bank National Association
111 SW Fifth Avenue, Suite 500
Portland, Oregon 97204
Attention: International Dept.

Re: A Drawing Certificate – Principal Drawing

Ladies and Gentlemen:

U.S. Bank National Association, as Paying Agent (the “Paying Agent”), hereby certifies to U.S. Bank National Association with reference to U.S. Bank National Association Irrevocable Direct Pay Letter of Credit No. _____ (the “Letter of Credit”; any other defined terms used herein having their respective meanings set forth in the Letter of Credit) that:

1. The Paying Agent is the Paying Agent under the Ordinance.
2. The Paying Agent hereby makes a demand for payment under the Letter of Credit in the amount of \$_____ to be used for the payment of principal of the Bonds at maturity or upon prior redemption or defeasance pursuant to the Seventh Supplement or upon an acceleration thereof pursuant to Section 11.1 of the Ordinance.
3. The amount of this demand for payment was computed in accordance with the terms and conditions of the Bonds and the Ordinance and is made in accordance with Section 15(b) of the Seventh Supplement.
4. The amount hereby demanded does not exceed the amount available to be drawn under the Letter of Credit for this drawing.
5. The amount hereby demanded will not be applied to any payment in respect of Bank Bonds or Bonds registered in the name of the Issuer or, to the best knowledge of the Paying Agent, any nominee for (or any person who owns such Bonds for the sole benefit of) the Issuer.
6. Upon receipt by the Paying Agent of the amount demanded hereby, (a) the Paying Agent will apply the same directly to the payment when due of the appropriate amount owing on

account of principal of the Bonds pursuant to the Ordinance, (b) no portion of said amount shall be applied by the Paying Agent for any other purpose, and (c) no portion of said amount shall be commingled with other funds held by the Paying Agent, except amounts received pursuant to any contemporaneous B Drawing.

7. Upon payment by the Bank of the amount specified herein, the Stated Amount shall be reduced by the amount of such payment plus the amount of interest coverage of the Letter of Credit on the amount of such payment calculated in accordance with paragraph 1 of the Letter of Credit, thereby leaving a Stated Amount of \$_____.

IN WITNESS WHEREOF, the Paying Agent has executed and delivered this Certificate as of the ____ day of _____, 20__.

U.S. Bank National Association, as Paying Agent

By: _____

Name:

Title:

ANNEX B

TO

U.S. BANK NATIONAL ASSOCIATION
111 SW FIFTH AVENUE, SUITE 500
PORTLAND, OREGON 97204
IRREVOCABLE DIRECT PAY LETTER OF CREDIT NO. _____

[Letterhead of Paying Agent]

[Date]

U.S. Bank National Association
111 SW Fifth Avenue, Suite 500
Portland, Oregon 97204
Attention: International Dept.

Re: B Drawing Certificate – Interest Drawing

Ladies and Gentlemen:

U.S. Bank National Association, as Paying Agent (the “Paying Agent”), hereby certifies to U.S. Bank National Association with reference to U.S. Bank National Association Irrevocable Direct Pay Letter of Credit No. _____ (the “Letter of Credit”; any other defined terms used herein having their respective meanings set forth in the Letter of Credit) that:

1. The Paying Agent is the Paying Agent under the Ordinance.
2. The Paying Agent hereby makes a demand for payment under the Letter of Credit in the amount of \$_____ to be used for the payment of interest on the Bonds due on or prior to their stated maturity date.
3. The amount of this demand for payment was computed in accordance with the terms and conditions of the Bonds and the Ordinance and is demanded in accordance with Section 15 (a) of the Seventh Supplement.
4. The amount hereby demanded does not exceed the amount available to be drawn under the Letter of Credit for this drawing.
5. The amount hereby demanded will not be applied to any payment in respect of Bank Bonds or Bonds registered in the name of the Issuer or, to the best knowledge of the Paying Agent, any nominee for (or any person who owns such Bonds for the sole benefit of) the Issuer.
6. Upon receipt by the Paying Agent of the amount demanded hereby, (a) the Paying Agent will apply the same directly to the payment when due of the appropriate amount owing on

account of interest on the Bonds pursuant to the Ordinance, (b) no portion of said amount shall be applied by the Paying Agent for any other purpose, and (c) no portion of said amount shall be commingled with other funds held by the Paying Agent, except amounts received pursuant to any contemporaneous A Drawing.

IN WITNESS WHEREOF, the Paying Agent has executed and delivered this Certificate as of the ____ day of _____, 20__.

U.S. Bank National Association, as Paying Agent

By: _____
Name:
Title:

ANNEX C

TO

U.S. BANK NATIONAL ASSOCIATION
111 SW FIFTH AVENUE, SUITE 500
PORTLAND, OREGON 97204

IRREVOCABLE DIRECT PAY LETTER OF CREDIT NO. ____

[Letterhead of Paying Agent]

[Date]

U.S. Bank National Association
111 SW Fifth Avenue, Suite 500
Portland, Oregon 97204
Attention: International Dept.

Re: C Drawing Certificate – Principal Portion of Purchase Price

Ladies and Gentlemen:

U.S. Bank National Association, as Paying Agent (the “Paying Agent”), hereby certifies to U.S. Bank National Association with reference to U.S. Bank National Association Irrevocable Direct Pay Letter of Credit No. ____ (the “Letter of Credit”; any other defined terms used herein having their respective meanings set forth in the Letter of Credit) that:

1. The Paying Agent is the Paying Agent under the Ordinance.
2. The Paying Agent hereby makes a demand for payment under the Letter of Credit in the amount of \$_____ to enable the payment of the portion of the Purchase Price of Bonds tendered for purchase pursuant to Section 6 of the Seventh Supplement equal to the principal amount thereof.
3. The amount of this demand for payment was computed in accordance with the terms and conditions of the Bonds and the Ordinance and is demanded in accordance with Section 31 of the Seventh Supplement.
4. The amount hereby demanded does not exceed the amount available to be drawn under the Letter of Credit for this drawing.
5. The amount hereby demanded will not be applied to any payment in respect of Bank Bonds or Bonds registered in the name of the Issuer or, to the best knowledge of the Paying Agent, any nominee for (or any person who owns such Bonds for the sole benefit of) the Issuer.

6. Upon receipt by the Paying Agent of the amount demanded hereby, (a) the Paying Agent shall apply the same directly to the payment when due of the appropriate amount owing on account of the principal portion of the Purchase Price of Bonds pursuant to the Ordinance, (b) no portion of said amount shall be applied by the Paying Agent for any other purpose, and (c) no portion of said amount shall be commingled with other funds held by the Paying Agent, except amounts received pursuant to any contemporaneous D Drawing.

7. Upon payment of the above, the remaining amount is \$ ____ for principal and \$ ____ for interest.

IN WITNESS WHEREOF, the Paying Agent has executed and delivered this Certificate as of the ____ day of _____ 20__.

U.S. Bank National Association, as Paying Agent

By: _____
Name:
Title:

ANNEX D

TO

U.S. BANK NATIONAL ASSOCIATION
111 SW FIFTH AVENUE, SUITE 500
PORTLAND, OREGON 97204
IRREVOCABLE DIRECT PAY LETTER OF CREDIT NO. _____

[Letterhead of Paying Agent]

[Date]

U.S. Bank National Association
111 SW Fifth Avenue, Suite 500
Portland, Oregon 97204
Attention: International Dept.

Re: D Drawing Certificate – Interest Portion of Purchase Price

Ladies and Gentlemen:

U.S. Bank National Association, as Paying Agent (the “Paying Agent”), hereby certifies to U.S. Bank National Association with reference to U.S. Bank National Association Irrevocable Direct Pay Letter of Credit No. _____ (the “Letter of Credit”; any other defined terms used herein having their respective meanings set forth in the Letter of Credit) that:

1. The Paying Agent is the Paying Agent under the Ordinance.
2. The Paying Agent hereby makes a demand for payment under the Letter of Credit in the amount of \$_____ to enable the payment of the portion of Purchase Price of Bonds tendered for purchase pursuant to Section 6 of the Seventh Supplement equal to the amount of accrued and unpaid interest on such Bonds to the date of purchase thereof.
3. The amount of this demand for payment was computed in accordance with the terms and conditions of the Bonds and the Ordinance and is demanded in accordance with Section 31 of the Seventh Supplement.
4. The amount hereby demanded does not exceed the amount available to be drawn under the Letter of Credit for this drawing.
5. The amount hereby demanded will not be applied to any payment in respect of Bank Bonds or Bonds registered in the name of the Issuer, or to the best knowledge of the Paying Agent, any nominee for (or any person who owns such Bonds for the sole benefit of) the Issuer.

6. Upon receipt by the Paying Agent of the amount demanded hereby, (a) the Paying Agent shall apply the same directly to the payment when due of the appropriate amount owing on account of the interest portion of the Purchase Price of Bonds pursuant to the Ordinance, (b) no portion of said amount shall be applied by the Paying Agent for any other purpose, and (c) no portion of said amount shall be commingled with other funds held by the Paying Agent, except amounts received pursuant to any contemporaneous C Drawing.

7. Upon payment of the above, the remaining amount is \$ ____ for principal and \$ ____ for interest.

IN WITNESS WHEREOF, the Paying Agent has executed and delivered this Certificate as of the ____ day of _____, 20__.

U.S. Bank National Association, as Paying Agent

By: _____

Name:

Title:

ANNEX E

TO
U.S. BANK NATIONAL ASSOCIATION
111 SW FIFTH AVENUE, SUITE 500
PORTLAND, OREGON 97204
IRREVOCABLE DIRECT PAY LETTER OF CREDIT NO. _____

[Letterhead of Paying Agent]

[Date]

U.S. Bank National Association
111 SW Fifth Avenue, Suite 500
Portland, Oregon 97204
Attention: International Dept.

Re: U.S. Bank National Association Irrevocable Direct Pay Letter of Credit
No. _____
Transfer to Successor Paying Agent

Ladies and Gentlemen:

For value received, the undersigned beneficiary hereby irrevocably transfers to: [Name of Transferee], [Address], as successor Paying Agent under the Ordinance (as defined in the above-referenced Letter of Credit) all rights of the undersigned beneficiary to draw under the above-referenced Letter of Credit in its entirety.

By this transfer, all rights of the undersigned beneficiary in such Letter of Credit are transferred to the transferee and the transferee shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments, whether increases or extensions, or other amendments and whether now existing or hereafter made. All amendments are to be advised directly to the transferee without necessity of any consent of or notice to the undersigned beneficiary.

The original Letter of Credit (and any amendments thereto) is returned herewith, and we ask you to endorse the letter of credit, and forward it directly to the transferee with your customary notice of transfer.

Very truly yours,

(Signature of Beneficiary)

SIGNATURE AUTHENTICATED
(Bank)

(Authorized Signature)

ANNEX F

TO

U.S. BANK NATIONAL ASSOCIATION
111 SW FIFTH AVENUE, SUITE 500
PORTLAND, OREGON 97204
IRREVOCABLE DIRECT PAY LETTER OF CREDIT NO. _____

[Letterhead of Paying Agent]

[Date]

U.S. Bank National Association
111 SW Fifth Avenue, Suite 500
Portland, Oregon 97204
Attention: International Dept.

Re: U.S. Bank National Association Irrevocable Direct Pay Letter of Credit
No. _____
Termination of Letter of Credit

Ladies and Gentlemen:

The undersigned, a duly authorized officer of U.S. Bank National Association, as Paying Agent under the Ordinance hereinafter referred to (the "Paying Agent"), hereby certifies to U.S. Bank National Association Irrevocable Direct Pay Letter of Credit No. _____ (the "Letter of Credit") issued in favor of the Paying Agent, [that fifteen (15) days prior to the date hereof, [all of the outstanding Bonds [were converted to Bonds bearing interest at a rate of interest other than a Daily Interest Rate or Weekly Interest Rate]/[have been [paid] [redeemed] [purchased and canceled]]/[the Letter of Credit has been replaced by an Alternate Credit Facility (as defined in the Seventh Supplement))] at least five (5) days prior to the date of this certificate in accordance with the terms of the Reimbursement Agreement and in connection therewith all the conditions contained in Section 16 of the Seventh Supplement to the delivery of an Alternate Credit Facility have been satisfied in accordance with the Ordinance, as defined in the Letter of Credit.

Pursuant to said Ordinance, we are delivering herewith the Letter of Credit for cancellation.

Very truly yours,
U.S. Bank National Association, as Paying Agent

By: _____
Name:
Title:

ANNEX G

TO

U.S. BANK NATIONAL ASSOCIATION
111 SW FIFTH AVENUE, SUITE 500
PORTLAND, OREGON 97204
IRREVOCABLE DIRECT PAY LETTER OF CREDIT NO. _____

[Letterhead of Paying Agent]

[Date]

U.S. Bank National Association
111 SW Fifth Avenue, Suite 500
Portland, Oregon 97204
Attention: International Dept.

Re: U.S. Bank National Association Irrevocable Direct Pay Letter of Credit
No. _____
Reduction of Stated Amount

Ladies and Gentlemen:

U.S. Bank National Association, as Paying Agent (the "Paying Agent"), hereby certifies to U.S. Bank National Association with reference to U.S. Bank National Association Irrevocable Direct Pay Letter of Credit No. _____ (the "Letter of Credit"; any other defined terms used herein having their respective meanings set forth in the Letter of Credit) that:

1. The Paying Agent is the Paying Agent under the Ordinance.
2. Bonds in the aggregate principal amount of \$ _____ have been purchased and canceled in accordance with the terms of the Ordinance.
3. The Stated Amount is hereby reduced by the amount specified in paragraph 2 above plus the amount of interest coverage of the Letter of Credit on the amount specified in paragraph 2 above calculated in accordance with paragraph 1 of the Letter of Credit, thereby leaving a Stated Amount of \$ _____.

IN WITNESS WHEREOF, the Paying Agent has executed and delivered this Certificate as of the _____ day _____ of 20__.

[_____], as
Paying Agent

By: _____

Name:
Title:

FORM OF REMARKETING AGREEMENT

REMARKETING AGREEMENT

BY AND BETWEEN

CITY OF COLUMBIA, SOUTH CAROLINA

AND

MORGAN KEEGAN & COMPANY

DATED AS OF SEPTEMBER 1, 2009

RELATING TO

**\$105,000,000
CITY OF COLUMBIA, SOUTH CAROLINA
WATERWORKS AND SEWER SYSTEM REVENUE BONDS
SERIES 2009**

REMARKETING AGREEMENT

This **REMARKETING AGREEMENT**, dated September 1, 2009 ("Remarketing Agreement"), is entered into between **CITY OF COLUMBIA, SOUTH CAROLINA** ("City") and **MORGAN KEEGAN & COMPANY**, at _____ ("Remarketing Agent"), simultaneously with the delivery of the Seventh Supplemental Ordinance (define below).

NOW THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the City and the Remarketing Agent hereby covenant, agree and bind themselves as follows:

Section 1.01 *Definitions.*

Unless a different meaning clearly appears from the context, all capitalized terms used herein without definition shall have the meaning ascribed to them in the General Bond Ordinance No. 93-43, enacted by the City Council, on May 21, 1993 ("General Ordinance"), as amended and supplemented, including as supplemented particularly by a Fifth Supplemental Ordinance No. 2007-72, enacted by the City Council on September 19, 2007, and Seventh Supplemental Ordinance No. 2009-83 enacted by the City Council on August _____, 2009 ("Seventh Supplemental Ordinance") (collectively, "Supplemental Ordinance" and together with the General Ordinance, as otherwise amended and supplemented, collectively "Ordinance"). U.S. Bank National Association serves as the Paying Agent and Tender Agent.

Section 2.01 *Appointment of Remarketing Agent; Responsibilities of Remarketing Agent.*

(a) Subject to the terms and conditions herein contained and pursuant to Section 25 of the Seventh Supplemental Ordinance, the City hereby appoints Morgan Keegan & Company, and Morgan Keegan & Company, hereby accepts such appointment, as exclusive remarketing agent in performing the respective functions of determining the Weekly Rate, the Bond Interest Term Rate and the Long-Term Interest Rate, from time to time and the remarketing of the Bonds from time to time in the secondary market subsequent to the initial offering, issuance and sale of the Bonds, all as provided herein more fully.

(b) The Remarketing Agent, as the agent of the City, agrees to determine the applicable rate for each Interest Rate Period, if any, all pursuant to and in accordance with Sections 5 of the Seventh Supplemental Ordinance.

(c) During the Weekly Interest Rate Period, the Remarketing Agent, as agent for the City, shall, so long as no Event of Default under the Seventh Supplemental Ordinance has occurred and is continuing, pursuant to the terms and provisions of the Seventh Supplemental Ordinance and upon receipt of written notice from the Tender Agent specifying the principal amount of Bonds which have been tendered for purchase pursuant to Section 6 of the Seventh Supplemental Ordinance and the Purchase Date, use its best efforts to remarket all Bonds so tendered for purchase at a price of 100% of the principal amount thereof, plus accrued interest, if any, to such Purchase Date; provided that the Remarketing Agent shall not undertake to remarket such Bonds if otherwise directed by the City.

(d) Upon receipt of written notice from the Tender Agent specifying the principal amount of Bonds which have been tendered or deemed to be tendered pursuant to Section 6 of the Seventh Supplemental Ordinance, and so long as no Event of Default under the Seventh Supplemental Ordinance has occurred and is continuing, the Remarketing Agent, as agent of the City, agrees to use its best efforts to remarket such Bonds which are tendered or are deemed to be tendered at a price equal to 100% of the principal amount thereof, plus accrued interest, if any, subject to the following conditions:

- (i) satisfactory compensation and other terms and conditions shall have been agreed upon by the City and the Remarketing Agent;

- (ii) the Remarketing Agent shall have received all documents, including opinions of counsel, required to be delivered to it under the terms of the Seventh Supplemental Ordinance;
- (iii) the Remarketing Agent shall have received an offering memorandum, or other appropriate disclosure document satisfactory in form and substance to the Remarketing Agent, to be used in connection with its efforts to remarket the Bonds; and
- (iv) the Remarketing Agent shall have received such additional documents, certificates and legal opinions as it may reasonably request.

Further details regarding the remarketing of the Bonds shall be negotiated between the City and the Remarketing Agent prior to any date on which a mandatory tender shall occur under the Seventh Supplemental Ordinance.

(e) To the extent that the Remarketing Agent has not arranged for the secondary sale of Bonds tendered or deemed tendered pursuant to the Seventh Supplemental Ordinance, at the written direction of the City and so long as no Event of Default under the Seventh Supplemental Ordinance has occurred and is continuing, the Remarketing Agent shall continue to use its best efforts to remarket such Bonds, at a price equal to 100% of the principal amount thereof, plus accrued interest, if any, to the date such Bonds are to be delivered and paid for pursuant to such remarketing.

(f) Notwithstanding any of the foregoing, the Remarketing Agent shall not offer for sale or sell Bonds to the Issuer or the City. The City may at any time, upon written direction to the Remarketing Agent, direct the Remarketing Agent to cease or resume the remarketing of some or all of the Bonds.

(g) The Remarketing Agent shall make appropriate settlement arrangements for the purchase of Bonds which have been remarketed as hereinabove provided between the purchasers of such remarketed Bonds and the Tender Agent, and shall direct said purchasers by appropriate instructions to pay all moneys for the purchase price of such remarketed Bonds to the Tender Agent at the time and as provided in the Seventh Supplemental Ordinance. Alternatively, if monies are paid directly to the Remarketing Agent, it shall hold them as agent and bailee of, and in escrow for the benefit of, the person or entity which shall have so delivered such moneys until such moneys are delivered to the Tender Agent.

Section 3.01 *Exclusive Agent; Resignation and Removal of Remarketing Agent.*

The City hereby agrees that, unless this Remarketing Agreement has been previously terminated pursuant to the terms hereof, the Remarketing Agent shall act as exclusive Remarketing Agent for the City in connection with the remarketing of Bonds tendered or deemed tendered with respect to the Bonds on the terms and conditions herein contained at all times. Upon the notice and in the manner provided in Section 26 of the Seventh Supplemental Ordinance, the Remarketing Agent may at any time resign or be removed and be discharged of the duties and obligations created by this Remarketing Agreement or may be removed at any time.

Section 4.01 *Furnishing of Offering Materials.*

(a) The City agrees to furnish the Remarketing Agent, at the City's expense, with as many copies as the Remarketing Agent may reasonably request of the Official Statement ("Official Statement") in connection with the issuance of the Bonds and any subsequent remarketing of the same as herein provided, and shall, at the City's expense, amend or supplement the Official Statement (and/or the documents incorporated by reference therein), so that at all times the Official Statement will not knowingly contain any untrue statement of a material fact or knowingly omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. In addition, the City will, at its own expense, take all steps reasonably requested by the

Remarketing Agent which the Remarketing Agent or its counsel may consider necessary or desirable:

- (i) to register the sale of the Bonds by the Remarketing Agent under any federal or state securities law or to qualify the Seventh Supplemental Ordinance under the Trust Indenture Act of 1939, as amended, or
 - (ii) to enable the Remarketing Agent to establish a "due diligence" defense to any action commenced against the Remarketing Agent in respect of the Official Statement and any supplement or amendment thereto.
- (b) In the event the Remarketing Agent is asked to remarket the Bonds in any situation which requires compliance with Rule 15c2-12 of the Securities Exchange Act of 1934, as amended ("Rule") the City shall, at its expense, cause such information as is necessary for the Remarketing Agent to comply with the Rule to be provided to the Remarketing Agent.

Section 5.01 *Representations, Warranties, Covenants and Agreements of the Remarketing Agent.*

The Remarketing Agent, by its acceptance hereof, represents, warrants, covenants and agrees with the City as follows:

(a) The Remarketing Agent is a corporation authorized by law to perform all the duties imposed upon it as Remarketing Agent by the Seventh Supplemental Ordinance and this Remarketing Agreement;

(b) The Remarketing Agent complies with or satisfies all requirements of the Seventh Supplemental Ordinance to act as "remarketing agent" with respect to the Bonds and has full power and authority to take all actions required or permitted to be taken by the Remarketing Agent by or under, and to perform and observe the covenants and agreements on its part contained in, the Seventh Supplemental Ordinance and this Remarketing Agreement;

(c) The Remarketing Agent will keep such books and records with respect to its duties as Remarketing Agent as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Paying Agent and Tender Agent, the City and the Credit Provider or Liquidity Provider, at all reasonable times; and

(d) The Remarketing Agent hereby designates its principal office as the address specified in the Seventh Supplemental Ordinance.

Section 6.01 *Representations, Warranties, Covenants and Agreements of the City.*

The City, by its acceptance hereof, represents, warrants, covenants and agrees with the Issuer and the Remarketing Agent as follows:

(a) The City has full power, authority and competence to take all actions required or permitted to be taken by the City by or under, and to perform and observe the covenants and agreements on its part contained in, this Remarketing Agreement, the Seventh Supplemental Ordinance and any other instrument or agreement relating to the issuance of the Bonds to which the City is a party ("Financing Documents");

(b) The City has, on or before the date hereof, duly taken all action necessary to be taken by it prior to such date for:

- (i) the execution, delivery and performance of this Remarketing Agreement and the Financing Documents and which has been or will be executed in connection with the transactions contemplated by the foregoing documents and

(ii) the carrying out, giving effect to, consummation and performance of the transactions and obligations contemplated by the foregoing agreements, the Seventh Supplemental Ordinance and by the Official Statement;

(c) This Remarketing Agreement and the Financing Documents and which has been or will be executed in connection with the consummation of the transactions contemplated by the foregoing documents or the Official Statement, when executed and delivered by the parties hereto and thereto, constitute or will constitute valid and binding obligations of the City in accordance with their respective terms, except as the enforcement (but not the validity) thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws, judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally;

(d) The execution and delivery of this Remarketing Agreement and the Financing Documents and which has been or will be executed in connection with the consummation of the transactions contemplated by the foregoing documents or the Official Statement, the compliance with the terms, conditions or provisions hereof and thereof, and the consummation of the transactions herein and therein contemplated do not upon the date of execution and delivery thereof and will not violate any law or any regulation, order, writ, injunction or decree of any court or governmental instrumentality applicable to the City, or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any mortgage, indenture, agreement or instrument to which the City is a party or by which it or any of its properties is bound;

(e) The City will cooperate with the Remarketing Agent in the qualification of the Bonds for offering and sale and the determination of the eligibility of the Bonds for investment under the laws of such jurisdictions as the Remarketing Agent shall designate and will use its best efforts to continue any such qualification in effect so long as required for the offer and sale of the Bonds by the Remarketing Agent pursuant to this Remarketing Agreement, provided that the City shall not be required to qualify to do business in any jurisdiction where it is not now so qualified or to take any action which would subject it to general service of process in any jurisdiction where it is not now so subject;

(f) The City has no knowledge or reason to believe that any information contained in the Official Statement heretofore furnished to the Remarketing Agent contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, or that any supplement or amendment to the Official Statement, as of the date of such supplement or amendment, will knowingly contain any untrue statement of a material fact or knowingly omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; provided no representation is made with respect to information in the Official Statement provided by the Securities Depository, the Credit Provider, the Underwriters, or the Remarketing Agent; and

(g) The City shall provide written notice to the Remarketing Agent prior to the execution of any amendment or supplement to the Seventh Supplemental Ordinance or the Financing Documents.

Section 7.01 *Conditions to Remarketing Agent's Obligations.*

The obligations of the Remarketing Agent under this Remarketing Agreement have been undertaken in reliance on, and shall be subject to, the due performance by the City of its obligations and agreements to be performed hereunder and to the accuracy of and compliance with the respective representations, warranties, covenants and agreements of the City contained herein (including, without limitation, those set forth in Sections 2.01(d) and 4.01 in each case on and as of the date of delivery of this Remarketing Agreement and on and as of each date on which Bonds are to be offered and sold pursuant to this Remarketing Agreement. The obligations of the Remarketing Agent hereunder with respect to each date on which Bonds are to be offered and sold pursuant to this Remarketing Agreement are also subject, in

the discretion of the Remarketing Agent, to the following further conditions:

(a) The Seventh Supplemental Ordinance, the Financing Documents and the Credit Facility shall be in full force and effect and shall not have been amended, modified or supplemented in any way which would materially and adversely affect the Bonds and there shall be in full force and effect, to the extent applicable, such additional resolutions, agreements, certificates (including such certificates as may be required by regulations of the Internal Revenue Service in order to establish the tax-exempt character of interest on the Bonds) and opinions as shall be necessary to effect the transactions contemplated by this Remarketing Agreement, which resolutions, agreements, certificates and opinions, at the request of the Remarketing Agent, shall be satisfactory in form and substance to the Remarketing Agent and to its counsel;

(b) There shall have been no adverse change, in the opinion of the Remarketing Agent, in the condition, financial or otherwise, of the City or the Credit Provider material to the transactions contemplated by the Official Statement or this Remarketing Agreement since the date of the Official Statement and no Event of Default shall have occurred and be continuing and no event shall have occurred and be continuing which, with the passage of time or giving of notice or both, would constitute an Event of Default; and

(c) The Bonds, in the opinion of counsel to the Remarketing Agent, shall be exempt from registration pursuant to the Securities Act of 1933, as amended, and the interest paid on the Bonds shall not be subject to federal or State income tax, and, in such counsel's opinion, the Seventh Supplemental Ordinance shall be exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

Section 8.01 *Term and Termination of Remarketing Agreement.*

This Remarketing Agreement shall become effective upon execution by the Remarketing Agent and the City and shall continue in full force and effect until the Bonds are no longer outstanding, subject to the right of the Remarketing Agent or the City to terminate this Remarketing Agreement at any time in accordance with the terms hereof.

Section 9.01 *Payment of Fees and Expenses.*

(a) In consideration of the services to be performed by the Remarketing Agent under this Remarketing Agreement, the City agrees to pay to the Remarketing Agent such amounts as are required to reimburse it for or pay the reasonable expenses (including, without limitation, the fees and disbursements of its counsel, and the expenses and costs of the preparation, printing, photocopying, execution and delivery of any supplement to the Official Statement, if any) incurred, advances made and compensation for services rendered pursuant to the Seventh Supplemental Ordinance or this Remarketing Agreement.

(b) Additionally, the City agrees to pay to Remarketing Agent a continuing fee for services rendered as remarketing agent pursuant to the Seventh Supplemental Ordinance and this Agreement as follows:

(i) So long as the Bonds bear interest at the Weekly Interest Rate, the City shall pay for the services of the Remarketing Agent hereunder an annual fee equal to the greater of (a) \$[] or (b) [] (.____%) per annum of the Outstanding Bonds. Such fees shall be payable quarterly in arrears on [], 2009, and on the first day of each __, ____, ____, and __ thereafter. Upon termination of this Remarketing Agreement, fees will be paid only for that number of days during such period during which this Remarketing Agreement is in effect. Fees shall be paid upon receipt of an invoice and shall be based on months of 30 days and years of 360 days.

[(ii) In addition to the annual fee described in paragraph (i), on effective date of any Short-

Term Interest Period or Long-Term Interest Period, if any, the City shall pay the Remarketing Agent a mutually acceptable fee on the day prior to such effective, as compensation for the Remarketing Agent's services in remarketing the Bonds during such periods..

(c) With respect to the remarketing of Bonds that bear interest at a Bond Interest Term Rate or Long-Term Interest Rate, the Remarketing Agent shall be entitled to reimbursement of expenses and compensation for services in amounts as shall be agreed upon by the City and Remarketing Agent.

(d) Notwithstanding anything herein or in the Seventh Supplemental Ordinance to the contrary, the Remarketing Agent shall not have any obligation hereunder or under the Seventh Supplemental Ordinance to remarket the Bonds or otherwise perform any services with respect thereto if the City shall have failed to pay when due any amounts due hereunder or, in the case of Bonds to bear interest at a Bond Interest Term Rate or Long-Term Interest Rate, failure of the parties hereto to agree on the compensation referred to in paragraph (c) above not less than thirty (30) days prior to the remarketing date.

Section 10.01 *Indemnification.*

(a) To the extent permitted by law, the City agrees to indemnify and hold harmless the Remarketing Agent and its officers, employees and each person, if any, who controls the Remarketing Agent within the meaning of Section 15 of the Securities Act of 1933 (collectively, "Indemnified Persons" and individually, an "Indemnified Person") from and against any losses, claims, damages or liabilities to which any Indemnified Person may become subject insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of, or are based upon, any untrue statement or alleged untrue statement of a material fact contained in the Official Statement provided no representation is made with respect to information in the Official Statement provided by the Securities Depository, the Credit Provider, the Underwriters, or the Remarketing Agent or other information provided by the City pursuant to Section 4 hereof, or arise out of, or are based upon, the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, and will reimburse each Indemnified Person for any legal or other expenses reasonably incurred by such Indemnified Person in investigating, defending or preparing to defend any such action or claim: provided, however, that the City shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of, or is based upon, any untrue statement or alleged untrue statement or omission or alleged omission made in the Official Statement in reliance upon and in conformity with written information furnished to the City by or on behalf of any Indemnified Person specifically for inclusion therein. The indemnity agreement in this paragraph shall be in addition to any liability which the City may otherwise have to any Indemnified Person.

(b) Promptly after receipt by an Indemnified Person under paragraph (a) of this Section of notice of the commencement of any action, such Indemnified Person shall, if a claim in respect thereof is to be made against the City under such paragraph, notify the City in writing of the commencement thereof. Failure of an Indemnified Person to give such notice will reduce the liability of the City under this Remarketing Agreement by the amount of damages attributable to the failure to give such notice, but such failure shall not relieve the City from any liability which it may have to such Indemnified Party otherwise than under the indemnity agreement contained in this Section. In case any such action shall be brought against any Indemnified Person, and such Indemnified Person shall notify the City of the commencement thereof, the City shall be entitled to participate in and, to the extent that it wishes, to assume the defense thereof, with counsel reasonably satisfactory to such Indemnified Person, and after notice from the City to such Indemnified Person of its election so to assume the defense thereof, the City shall not be liable to such Indemnified Person under such paragraph for any legal or other expenses subsequently incurred by such Indemnified Person in connection with the defense thereof other than reasonable costs of any investigation; provided, however, that if the named parties to any such action (including any impleaded parties) include both the Remarketing Agent (or its officers or employees or any person so controlling the

Remarketing Agent) and the City, and the Remarketing Agent (or such officers or employees or such person so controlling the Remarketing Agent) shall have reasonably concluded that there may be one or more legal defenses available to it or him which are different from or additional to those available to the City (in which case the City shall not have the right to assume the defense on behalf of the Remarketing Agent or such officers or employees or such person so controlling the Remarketing Agent), the Remarketing Agent (or such officers or employees or such person so controlling the Remarketing Agent) shall have the right to select separate counsel to assume such legal defenses and to otherwise participate in the defense of such action on behalf of the Remarketing Agent (or such officers or employees or such person so controlling the Remarketing Agent); provided further, however, that the City shall not, in connection with any one such action or separate but substantially similar or related actions arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys at any point in time for the Remarketing Agent and its officers and employees and all persons so controlling the Remarketing Agent.

(c) The indemnity agreements contained in this Section shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Remarketing Agent or the City and shall survive the termination or cancellation of this Remarketing Agreement.

Section 11.01 *Nature of Remarketing Agent's Obligations.*

Without limiting the foregoing, the Remarketing Agent is hereby expressly authorized and directed to honor its obligations under and in compliance with the terms of this Remarketing Agreement without regard to, and without any duty on its part to inquire into, the existence of any disputes or controversies between the Issuer, the City, the Paying Agent and Tender Agent, the Credit Provider or any other person or the respective rights, duties or liabilities of any of them, or whether any facts or occurrence represented in any of the documents presented under this Remarketing Agreement are true and correct. Furthermore, the City fully understands and agrees that the Remarketing Agent's sole obligation to the City shall be limited to honoring its obligations under and in compliance with the terms of this Remarketing Agreement.

Section 12.01 *Dealing in Bonds by Remarketing Agent.*

The Remarketing Agent, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Bonds, and may join in any action which any Bondholder may be entitled to take with like effect as if it did not act in any capacity hereunder. The Remarketing Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer or the City as freely as if it did not act in any capacity hereunder.

Section 13.01 *Intention of Parties.*

It is the express intention of the parties hereto that neither the fixing of any interest rate on the Bonds nor any purchase, sale or transfer of any Bonds, as herein provided, shall constitute or be construed to be the extinguishment of any Bonds or the indebtedness represented thereby or the reissuance of any Bonds.

Section 14.01 *Miscellaneous.*

(a) Except as otherwise specifically provided in this Remarketing Agreement, all notices, demands and formal actions under this Remarketing Agreement shall be in writing and mailed, telegraphed or delivered to the addresses specified in the Seventh Supplemental Ordinance for the delivery of notices. The parties hereto may, by notice given under this Remarketing Agreement, designate other addresses to which subsequent notices, requests, reports or other communications shall be directed.

(b) This Remarketing Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. The terms "successors" and "assigns" shall not include any purchaser of any of the Bonds merely because of such purchase. The issuer of a Credit Facility securing the Bonds shall be a beneficiary of the obligations of the City, the Paying Agent and Tender Agent and the Remarketing Agent hereunder, as though a signatory hereto, and may enforce such obligations in its own name and behalf.

(c) All of the representations, warranties and covenants of the City and the Remarketing Agent in this Remarketing Agreement shall remain operative and in full force and effect, regardless of:

- (i) any investigation made by or on behalf of the Remarketing Agent or the City.
- (ii) delivery of and any payment for any Bonds hereunder, or
- (iii) termination or cancellation of this Remarketing Agreement.

(d) Section headings have been inserted in this Remarketing Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Remarketing Agreement and will not be used in the interpretation of any provisions of this Remarketing Agreement.

(e) If any provision of this Remarketing Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Remarketing Agreement invalid, inoperative or unenforceable to any extent whatever.

(f) This Remarketing Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

(g) This Remarketing Agreement shall be governed by and enforced under the laws of the State of South Carolina.

IN WITNESS WHEREOF, the City and the Remarketing Agent have caused this Remarketing Agreement to be executed, sealed and attested in their respective names by officers thereof duly authorized thereunto.

CITY OF COLUMBIA, SOUTH CAROLINA
as Issuer

By _____

Its _____

MORGAN KEEGAN AND COMPANY
as Remarketing Agent

By _____

Its _____

FORM OF TENDER AGREEMENT

TENDER AGENT AGREEMENT

among

U.S. BANK NATIONAL ASSOCIATION,
as Paying Agent and Tender Agent,

CITY OF COLUMBIA, SOUTH CAROLINA,

MORGAN KEEGAN & COMPANY, INC.,
as Remarketing Agent

and

GRIGSBY & ASSOCIATES,
as co-Remarketing Agent

Dated as of September __, 2009

\$ _____
City of Columbia, South Carolina
Waterworks and Sewer System
Revenue Bonds, Series 2009

TENDER AGENT AGREEMENT

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TENDER AGENT AGREEMENT

This Tender Agent Agreement (the "Tender Agreement") dated as of September ____, 2009, among U.S. Bank National Association, as Paying Agent (in such capacity, the "Paying Agent") and as Tender Agent (in such capacity, the "Tender Agent"), the City of Columbia, South Carolina (the "City"), Morgan Keegan & Company, Inc., as Remarketing Agent ("Morgan") and Grigsby & Associates, as co-Remarketing Agent ("Grigsby").

WHEREAS, the City has issued its \$_____ Waterworks and Sewer System Revenue Bonds, Series 2009 (the "Bonds"), pursuant to the General Bond Ordinance No. 93-43 enacted by the City Council of the City (the "City Council") on May 21, 1993, as amended (as so amended, the "Bond Ordinance"), as supplemented by the Fifth Supplemental Ordinance No. 2007-072 enacted by the City Council on September 19, 2007 and the Seventh Supplemental Ordinance No. 2009-83 enacted by the City Council on _____, 2009 (collectively, the "Seventh Supplemental Ordinance" and together with the Bond Ordinance, the "Ordinance"); and

WHEREAS, the Seventh Supplemental Ordinance provides, among other things, that the holders of the Bonds under certain circumstances may or are required to tender their Bonds for purchase by the Tender Agent, in each case in accordance with the provisions of the Seventh Supplemental Ordinance; and

WHEREAS, pursuant to the terms of the Remarketing Agreement dated of even date herewith (the "Remarketing Agreement") among the City, Morgan and Grigsby, the Remarketing Agent (which, for all purposes of this Tender Agreement, shall have the meaning set forth in the Remarketing Agreement) has agreed to use its best efforts to remarket any Bonds tendered for purchase on demand by the holder thereof or subject to mandatory tender and purchase pursuant to the Seventh Supplemental Ordinance; and

WHEREAS, pursuant to the terms of the Seventh Supplemental Ordinance and the Letter of Credit and Reimbursement Agreement dated as of _____ (the "Credit Facility Provider Agreement"), between the City and U.S. Bank National Association (in such capacity, the "Credit Provider"), the Credit Provider has issued its irrevocable, direct-pay Letter of Credit (the "Credit Facility") in favor of the Paying Agent, to secure the payment of principal and interest on Bonds tendered to the Tender Agent for purchase under Section 6 of the Seventh Supplemental Ordinance but which cannot be remarketed by the Remarketing Agent in accordance with the terms of the Seventh Supplemental Ordinance and the Remarketing Agreement; and

WHEREAS, the Seventh Supplemental Ordinance provides that, upon payment by the Credit Provider of the Purchase Price of a Bond upon the tender of such Bond to the Tender Agent pursuant thereto, such Bond shall be registered and delivered or transferred, as applicable, in certificated form (or held pursuant to the book-entry system of the Depository (as defined in the Seventh Supplemental Ordinance) until delivered in such form) to the Credit Provider, the Tender Agent as its agent or otherwise as provided in the Credit Facility Provider Agreement;

NOW, THEREFORE, in consideration of the premises and in order to provide for the coordination of said arrangements, the parties hereby agree as follows:

Section 1. Defined Terms. Capitalized terms used in this Tender Agreement and not defined herein shall have the meanings assigned to them in the Seventh Supplemental Ordinance.

Section 2. Appointment of Tender Agent. Subject to the terms and conditions contained herein, the City hereby designates and appoints U.S. Bank National Association, and U.S. Bank National Association hereby accepts such appointment, as Tender Agent for the purposes of the Seventh Supplemental Ordinance (the "Tender Agent").

This Tender Agreement shall serve as the written instrument of acceptance required from the Tender Agent by Section 27 of the Seventh Supplemental Ordinance and copies hereof shall be delivered as therein specified to the City, the Credit Provider, the Remarketing Agent and the co-Remarketing Agent. The principal office of the Tender Agent is located at Columbia, South Carolina. When this Tender Agreement refers to the "Tender Agent," it shall be construed as referring to U.S. Bank National Association or its successor hereunder acting in its capacity as Tender Agent. The Tender Agent shall be subject to all obligations of the Tender Agent under the Seventh Supplemental Ordinance and shall be entitled to all rights and immunities provided to the Paying Agent under the Seventh Supplemental Ordinance.

Section 3. Creation of Purchase Fund.

(a) There is hereby created and established with the Tender Agent pursuant to Section 29 of the Seventh Supplemental Ordinance, a separate special purpose and non-interest bearing trust fund designated "City of Columbia, South Carolina Waterworks and Sewer System Revenue Bonds, Series 2009 - Purchase Fund" (the "Purchase Fund") for the Bonds, over which the Tender Agent shall have the exclusive right of withdrawal for the exclusive benefit of the purchasers and sellers of the Bonds tendered for purchase pursuant to the Seventh Supplemental Ordinance. The Remarketing Account, the Credit Provider Account and the Undelivered Bond Payment Account are hereby established as trust accounts in the Purchase Fund.

(b) Any moneys received by the Tender Agent from the Remarketing Agent for the purchase of Bonds pursuant to Section 7(a)(i) hereof shall be deposited in the Remarketing Account of the Purchase Fund, and any moneys received by the Paying Agent from the Credit Provider for the purchase of Bonds pursuant to Section 10 hereof shall be transferred to the Tender Agent and deposited in the Credit Provider Account of the Purchase Fund.

(c) On each Tender Date (as defined herein), the Tender Agent shall transfer, as provided herein, from amounts on deposit in the Remarketing Account and the Credit Provider Account to the Undelivered Bond Payment Account, an amount equal to the principal amount and accrued interest (if any) of all Undelivered Bonds on such Tender Date, in accordance with Section 8 hereof. "Undelivered Bonds," for purposes of this Tender Agreement, refers to those Bonds subject to optional or mandatory tender on a specific

Tender Date which are not delivered to the Tender Agent on or prior to such Tender Date. Moneys in the Undelivered Bond Payment Account shall not be invested and shall be held by the Tender Agent and shall be held for the exclusive benefit of the holders of such Undelivered Bonds and applied as provided in Section 8 hereof.

(d) The Tender Agent shall not invest any moneys delivered to it hereunder and shall have no liability for interest on any moneys received hereunder. Notwithstanding anything herein to the contrary, the Tender Agent shall not commingle moneys received from the Credit Provider pursuant to the Credit Facility with any other moneys.

Section 4. Deposit of Bonds. If the Bonds are no longer held in Book-Entry Form, the Tender Agent agrees to hold all Bonds delivered to it pursuant to the Seventh Supplemental Ordinance in trust for the benefit of the respective Bondholders which shall have so delivered Bonds to the Tender Agent pursuant to Section 9 or Section 10 hereof.

Section 5. Tender and Remarketing of the Bonds. All notices required pursuant to this Section 5 shall be by telephone (promptly confirmed in writing), telegram, telecopy, telex or other similar means of communication (referred to herein as an "Approved Form").

(a) By no later than 4:30 p.m. on the Business Day immediately following the date of receipt of any optional tender notice from Holders of Bonds that bear interest at the Weekly Interest Rate ("Weekly Rate Bonds"), the Tender Agent shall give notice to the Remarketing Agent, the Credit Provider, and the Paying Agent, specifying the principal amount of Weekly Rate Bonds or portions thereof for which it has received a notice of optional tender, the numbers thereof and the date of tender (the "Weekly Rate Optional Tender Date"), and if Bonds are no longer held in Book-Entry Form the names and addresses of the Registered Owners thereof. Upon receipt by the Tender Agent of optional tender notices relating to Bonds that bear interest at the Daily Interest Rate ("Daily Rate Bonds"), whether directly from Holders of such Bonds or from the Remarketing Agent on behalf of such Holders), the Tender Agent shall give notice to the Remarketing Agent (as applicable), the Credit Provider, and the Paying Agent, as soon as practicable (which, in the case of notices received by the Tender Agent directly from Holders, shall be delivered to the Remarketing Agent no later than 11:00 a.m) on the Daily Rate Optional Tender Date (as defined herein), specifying the principal amount of Daily Rate Bonds or portions thereof for which it has received a notice of optional tender, the numbers thereof and the Daily Rate Optional Tender Date, and if Bonds are no longer held in Book-Entry Form the names and addresses of the Registered Owners thereof. By no later than such time as notice of any mandatory tender of Bonds is required to be delivered to Holders under the Seventh Supplemental Ordinance, the Tender Agent shall give notice to the Remarketing Agent, the Credit Provider and the Paying Agent specifying such mandatory tender date (the "Mandatory Tender Date"). For purposes of this Tender Agreement, "Tender Date" shall mean any Daily Rate Optional Tender Date, Weekly Rate Optional Tender Date, and Mandatory Tender Date.

(b) Before 10:00 a.m. on the Business Day next preceding any Weekly Rate Optional Tender Date or Mandatory Tender Date, and upon request of the Tender Agent and as and when available (but in any event before 11:15 a.m.) on the Daily Rate Optional Tender Date, the Paying Agent shall advise the Tender Agent of the accrued interest which would be payable on each Bond as of such Tender Date, for all Bonds subject to tender on such Tender Date in accordance with the Seventh Supplemental Ordinance. No later than 11:00 a.m. on the Business Day next preceding the Weekly Rate Optional Tender Date or Mandatory Tender Date, and as and when available (but in any event before 11:15 a.m.) on the Daily Rate Optional Tender Date, the Tender Agent shall give notice to the Paying Agent, the City, the Credit Provider and the Remarketing Agent as to (i) the aggregate Purchase Price of Bonds required to be deposited by the Remarketing Agent into the Purchase Fund pursuant to Section 7(a) hereof; and (ii) the amount of such aggregate Purchase Price representing principal and the amount of such Purchase Price representing accrued interest and premium, if any.

(c) (i) Optional Tender of Weekly Rate Bonds and Mandatory Tender of All Bonds. The Remarketing Agent shall, on or prior to 4:30 p.m. on the Business Day next preceding the Weekly Rate Optional Tender Date or Mandatory Tender Date, give notice to the Tender Agent (which shall immediately notify the Paying Agent of the same information) specifying the aggregate principal amount of tendered Weekly Rate Bonds which have been remarketed, the principal amount, if any, of Weekly Rate Bonds for which the Remarketing Agent did not receive remarketing proceeds from the prospective purchasers of such tendered Bonds and the amount of accrued interest thereon to such Tender Date, and if Weekly Rate Bonds are no longer held in Book-Entry Form, of the names, addresses and taxpayer identification numbers of the purchasers and the denominations of remarketed Bonds to be delivered to each purchaser.

(ii) Optional Tender of Daily Rate Bonds. The Remarketing Agent shall, on or prior to 11:00 a.m. on a Daily Rate Optional Tender Date, give notice to the Tender Agent (which shall immediately notify the Paying Agent of the same information) specifying (A) the aggregate principal amounts and numbers of the following: (1) Daily Rate Bonds which have been optionally tendered to the Remarketing Agent, (2) Daily Rate Bonds for which the Remarketing Agent has received notice from a Holder relating to Daily Rate Bonds to be tendered and the Daily Rate Optional Tender Date (if other than the date of receipt of such notice), which notice the Remarketing Agent shall immediately provide to the Tender Agent on behalf of such Holder, (3) tendered Daily Rate Bonds which have been remarketed, and (4) Daily Rate Bonds for which the Remarketing Agent did not receive remarketing proceeds from the prospective purchasers of such tendered Bonds and the amount of accrued interest thereon to such Tender Date, and (B) if Daily Rate Bonds are no longer held in Book-Entry Form, the names, addresses and taxpayer identification numbers of the purchasers and the denominations of remarketed Bonds to be delivered to each purchaser. For purposes of this Tender Agreement, a "Daily Rate Optional Tender Date" means the date on which Daily Rate Bonds are subject to optional tender pursuant to Section 6(a)(i) of the Seventh Supplemental Ordinance

(iii) The Paying Agent and the Tender Agent shall be entitled to rely upon the amount indicated in notices given to them pursuant to this paragraph (c), whether the actual amount of remarketing proceeds transferred to the Tender Agent is greater or less than the amount so indicated. The Paying Agent shall immediately give the Credit Provider the notice at, and demand payment by, the time (in each case before 11:30 a.m. on the Tender Date) and in the manner required under the Credit Facility in order to insure the timely payment of the Purchase Price of all Bonds tendered for purchase under the Seventh Supplemental Ordinance with respect to the Credit Provider's obligation to purchase tendered Bonds not so remarketed and for which no remarketing proceeds are anticipated to be transferred to the Tender Agent on the Tender Date, based on the Remarketing Agent notice. If the Paying Agent and the Tender Agent shall not receive the notice from the Remarketing Agent as required by clauses (i) or (ii), as applicable, the Paying Agent shall immediately give the Credit Provider the notices and demand payment at the time (in each case before 11:30 a.m. on the Tender Date) and in the manner required under the Credit Facility with respect to the Credit Provider's obligations to purchase tendered Bonds not so remarketed, assuming for the purpose of such notice, that none of the Bonds subject to tender on such Tender Date, has been remarketed. Notwithstanding anything to the contrary herein, the Paying Agent shall not be entitled to draw from the Credit Facility to purchase Bank Bonds or any Bonds to the extent it has actual knowledge that the same are owned by the City.

Section 6. Tender of Bonds to Tender Agent. The Seventh Supplemental Ordinance provides that each Bond in respect of which a holder has delivered a notice of tender must tender such Bond to the Tender Agent no later than 11:00 a.m. on the Tender Date. Any Bonds required to be tendered for purchase that are not delivered, for which there has been irrevocably deposited with the Tender Agent in the Purchase Fund an amount of money sufficient to pay the Purchase Price thereof, shall be deemed to have been purchased by the Tender Agent pursuant to the Seventh Supplemental Ordinance and shall constitute Undelivered Bonds.

Section 7. Deposits into the Purchase Fund; Notices by Remarketing Agent. The Remarketing Agent shall, at or prior to 11:00 a.m. on each Tender Date:

(i) to the extent the Remarketing Agent has arranged for a placement of Bonds at a Purchase Price equal to par plus accrued interest (if any) to such Tender Date, cause amounts received from purchasers with respect to the aggregate Purchase Price of the Bonds to be transferred to the Tender Agent for deposit in immediately available funds in the Remarketing Account of the Purchase Fund; and

(ii) give notice in writing to the Paying Agent, the Credit Provider and the Tender Agent as to (A) the aggregate Purchase Price of Bonds which the Remarketing Agent has sold for delivery on such date; (B) the aggregate amount in immediately available funds it has deposited or caused to be deposited by 11:00 a.m. in the Remarketing Account of the Purchase Fund; and (C) the principal amount, if any, of Bonds for which the Remarketing Agent did not receive remarketing proceeds from the prospective purchasers of such tendered Bonds and the amount of accrued interest thereon to such Tender Date.

Section 8. Disbursements from the Purchase Fund. Moneys in the Remarketing Account and the Credit Provider Account of the Purchase Fund shall be initiated by Federal funds wire by or before 2:30 p.m. on each Tender Date, by the Tender Agent to purchase Bonds tendered to the Tender Agent at a Purchase Price equal to the principal amount of such Bonds plus accrued interest, if any, to the Tender Date. Moneys remaining in the Remarketing Account and the Credit Provider Account upon the completion of such applications shall be credited to the Undelivered Bond Payment Account of the Purchase Fund and shall be held by the Tender Agent for delivery to the former holder of Undelivered Bonds in payment of the applicable Purchase Price.

The Tender Agent agrees to notify the Remarketing Agent, the Credit Provider and the Paying Agent immediately by telephone of the amount, if any, in the Purchase Fund which is in excess of the amount needed to purchase Bonds by 2:30 p.m. on the Tender Date. Any moneys remaining in the Purchase Fund in excess of the amount needed to make the payments specified in this Section 8 shall be wired to the Credit Provider to the extent amounts have been paid under the Credit Facility as promptly as practicable.

Section 9. Transfer and Delivery of Tendered Bonds for Purchase. If Bonds are no longer held in Book-Entry Form, a principal amount of Bonds equal to the principal amount of the Bonds purchased on a Tender Date, pursuant to Section 8 hereof shall be prepared and authenticated by the Paying Agent and be made available to or upon the instruction of the Remarketing Agent, and the Tender Agent shall notify the Registrar in writing to register such Bonds in the name or names of the transferee or transferees of the Bonds to the extent that there are any changes in such information which has already been provided. The Tender Agent shall promptly remit such Bonds which have been purchased pursuant to Section 8 hereof to the Paying Agent and notify the Registrar to cancel all Bonds so purchased and transferred pursuant to Section 8 hereof.

Section 10. Payments under Credit Facility by Bank; Remarketing and Release of Bank Bonds. Not later than 11:30 a.m. on the Tender Date, the Paying Agent is required by the Credit Facility to notify the Credit Provider of the amount necessary to purchase any Bonds with respect to which the Tender Agent has received notice from the Remarketing Agent pursuant to Section 5(c) hereof to the effect that sufficient moneys for purchase of such Bonds at the Purchase Price required in Section 8 hereof are not otherwise available in the Purchase Fund. Bonds purchased with moneys obtained by the Tender Agent under the Credit Facility ("Bank Bonds") shall be held in accordance with the provisions of the Credit Facility. The Remarketing Agent shall exercise its best efforts to solicit purchases of any Bank Bonds at a price of par, plus accrued interest, if any; provided, however that no Bank Bonds may be released by the Tender Agent (1) unless the Credit Provider has reinstated the amount available under the Credit Facility to reflect the principal amount of the Bonds plus the interest coverage thereon then required to maintain the short-term ratings on such Bonds, and the Tender Agent has received written evidence from the Credit Provider of such reinstatement, or (2) until any such Bank Bond is selected for redemption pursuant to the Seventh Supplemental Ordinance and is delivered to the Paying Agent for cancellation. The proceeds of any remarketing of such Bank Bonds shall be deposited into the Remarketing Account of the Purchase Fund. Notwithstanding anything herein or in the Seventh Supplemental Ordinance to the contrary, neither the Paying Agent nor the Tender Agent shall be entitled to request or demand indemnity as a condition to providing notifications to the Credit Provider or receiving, depositing or transferring

draws on the Credit Facility to or from the Purchase Fund, all as may be described in this Tender Agreement or the Seventh Supplemental Ordinance.

Section 11. No Purchases or Sales of Bonds After Default. There shall be no purchases of Bonds pursuant to the Seventh Supplemental Ordinance if there shall have occurred an Event of Default in respect of which the principal of all Bonds Outstanding shall have been declared immediately due and payable pursuant to the Seventh Supplemental Ordinance and such declaration shall not have been annulled. It shall be the obligation of the Paying Agent to notify as soon as practicable the Tender Agent, the Credit Provider and the Remarketing Agent of the existence of an Event of Default.

Section 12. Maintenance of Books and Records. Other than Bonds held in Book-Entry Form, the Tender Agent agrees to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the City, the Credit Provider and the Paying Agent at all reasonable times.

Section 13. Notices. Except as specifically provided in this Tender Agreement, and except as otherwise noticed in writing by any of the below-referenced parties to all of the other referenced parties, all notices, demands and formal actions hereunder shall be sufficiently given when personally delivered or mailed by certified mail, postage prepaid, or when sent by telegram addressed as follows:

The Remarketing Agent:

At the address provided therefor in the Remarketing Agreement

The City:

City of Columbia
1737 Main Street
Columbia, South Carolina 29217-0147
Attention: Interim City Manager

The Credit Provider:

At the address provided therefor in the Credit Facility Provider Agreement

The Paying Agent:

U.S. Bank National Association
1441 Main Street, Suite 775
Columbia, South Carolina 29201
Attention: Toni Shumpert

The Tender Agent:

U.S. Bank National Association
60 Livingston Avenue
St. Paul, Minnesota 55107
Attention: Corporate Trust

The parties may by notice given pursuant to this Section 13 designate any different address to which subsequent communications shall be sent.

Section 14. Governing Law. This Tender Agent Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of South Carolina.

Section 15. General.

(a) *Payment of Tender Agent*. The City shall pay (but solely from available Net Revenues) the Tender Agent all reasonable fees, including counsel fees, charges and out-of-pocket expenses of the Tender Agent for acting under and pursuant to this Tender Agreement upon receipt from the Tender Agent of an invoice therefor.

(b) *Tender Agent's Performance; Duty of Care*. The Tender Agent consents and agrees to perform and comply with all the terms and provisions on its part contained in this Tender Agreement. The duties and obligations of the Tender Agent shall be determined solely by the express provisions of this Tender Agreement, and no implied covenants or obligations shall be read into this Tender Agreement or the Seventh Supplemental Ordinance against the Tender Agent; and in the absence of negligence or willful misconduct on the part of the Tender Agent, the Tender Agent may conclusively rely, as to the truth of the statements expressed therein, upon any document furnished to the Tender Agent and conforming to the requirements of this Tender Agreement and the Tender Agent may rely and shall be protected in acting upon any document believed by it to be genuine and to have been signed or presented by the proper party or parties; but in the case of any such document which by any provision hereof is specifically required to be furnished to the Tender Agent, the Tender Agent shall be under a duty to examine the same to determine whether or not it conforms to the requirements of this Tender Agreement. The Tender Agent may consult with counsel and advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with such advice. The Tender Agent shall have no liability under this Tender Agreement or the Seventh Supplemental Ordinance except for loss occasioned by the negligence or willful misconduct to the Tender Agent.

(c) *Payments*. Any provisions of this Tender Agreement or any statute to the contrary notwithstanding, the Tender Agent hereby waives any rights to, or liens for, its fees, charges and expenses for services hereunder from funds or obligations provided pursuant to Section 7 or Section 10 hereof. The Tender Agent agrees that it will be reimbursed and compensated for its fees, charges and expenses for acting under and pursuant to this Tender Agreement directly from the City.

(d) *Term of Agreement.* This Tender Agreement shall become effective upon the issuance of the Bonds and shall remain in full force and effect until such time as the principal of and premium, if any, and interest on all Bonds shall have been paid; provided, however, that if the City and the Tender Agent shall have fulfilled all their respective obligations hereunder, or if the Tender Agent shall resign or be removed in accordance with Section 15(e) hereof, this Tender Agreement shall terminate, it being understood, in each case, that the Tender Agent does not waive or relinquish any rights it may have under Section 15(a) hereof. The City agrees not to execute any agreement in replacement hereto or succession hereof, for so long as a Tender Agent is required to be appointed with respect to the Bonds under the Bond Ordinance, except an agreement which is substantially in the form of this Tender Agreement.

(e) *Resignation and Removal of the Tender Agent.* The Tender Agent may at any time resign and be discharged from the duties and obligations hereby created by giving at least 60 days written notice by first-class mail, postage prepaid, to the City, the Remarketing Agent, the Credit Provider, and the Paying Agent. Any such resignation of the Tender Agent shall not take effect until the appointment of a successor Tender Agent. A copy of such notice of resignation or instrument of removal shall be sent by the Paying Agent by first class mail to the Owners of the Bonds. In the event of the resignation or removal of the Tender Agent, the Tender Agent shall pay over, assign and deliver all records, funds and accounts, to its successor, or if there be no successor, to the Paying Agent.

(f) *Amendments.* No amendments, modification or waiver of any provision of this Tender Agreement shall be effective unless the same shall be in writing and signed by all the parties hereto and consented to by the Credit Provider. Any such amendments, modification or waiver shall be effective only in the specific instance and for the purpose for which given except as expressly stated therein. This Tender Agreement may not be amended so as to adversely affect the right of the holders of Bonds to receive payment of Bonds pursuant to the Seventh Supplemental Ordinance. The Paying Agent shall inform the Tender Agent of any amendment of any provision of the Seventh Supplemental Ordinance affecting the rights, duties, or obligations or other interests of the Tender Agent which amendment shall not become effective unless the Tender Agent consents to such amendment in writing.

(g) *Successors and Assigns.* The rights, duties and obligations of the City, the Paying Agent, the Remarketing Agent and the Tender Agent hereunder shall inure, without further act, to their respective successors and permitted assigns; provided, however, that the Tender Agent may not assign its obligations under this Tender Agreement without the prior written consent of the City and the Credit Provider. Notwithstanding the foregoing, any corporation or association into which the Tender Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its debt securities administration business as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become successor Tender Agent hereunder vested with all of the rights, powers, trusts, duties and obligations of the Tender Agent hereunder, without the execution or filing of any instrument or further act; provided, however, that such successor Tender Agent shall at all times be a commercial bank or trust company and shall at all times be organized and doing business under the laws of the United States or of any state, with a combined capital and surplus of at least \$25,000,000, and authorized under such laws to exercise

corporate trust powers and shall be subject to supervision or examination by federal or state authority, and shall have been consented to in writing by the City and the Credit Provider.

(h) *Counterparts.* This Tender Agreement may be executed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

(i) *Limited Liability.* Any obligation of the City created by or arising out of this Tender Agreement shall be a limited obligation of the City, payable solely from Net Revenues which have been pledged and available therefor under and in accordance with the Bond Ordinance, and shall not constitute a charge against the general credit of the City.

(j) *Enforcement by the Tender Agent.* The Tender Agent may pursue any remedy by suit at law or in equity to enforce its rights hereunder or to enjoin any acts or things which may be in violation of the provisions of this Tender Agreement.

(k) *Actions Due on Saturdays, Sundays and Holidays.* If any date on which a payment, notice or other action required by this Tender Agreement or the Seventh Supplemental Ordinance falls on other than a Business Day, then that action or payment need not be taken or made on such date, but may be taken or made on the next succeeding Business Day on which the Tender Agent is open for business with the same force and effect as if made on such date.

(l) *Survival.* The Tender Agent's rights to compensation and reimbursement shall survive the termination of this Tender Agreement and the Bond Indenture.

(m) *Conflicts.* If there is any conflict between provisions of this Tender Agreement and provisions of the Bond Ordinance, the provisions of this Tender Agreement shall apply.

(n) *Entire Agreement.* This Tender Agreement along with the Bond Ordinance represents the entire agreement of the parties with regard to the subject matter hereof and supersedes any prior or contemporaneous agreement, oral or written, between the parties hereto with respect to the subject matter hereof.

(o) *Payments by the Tender Agent.* The Tender Agent shall only make payments called for in this Tender Agreement or in the Seventh Supplemental Ordinance from immediately available funds transferred to it for payment which funds are on deposit in an appropriate account or accounts maintained by the Tender Agent.

(p) *Limitation on Tender Agent's Obligation.* Under no circumstances shall the Tender Agent be obligated to expend any of its own funds in connection with the Bond Ordinance or the performance of its duties hereunder.

(q) *Tender Agent Acting as Conduit.* In purchasing Bonds hereunder, the Tender Agent shall be acting as a conduit and shall not be purchasing Bonds for its own account, and in the absence of written notice from the City or the Paying Agent, shall be entitled to assume that any

Bond tendered to it, or deemed tendered to it for purchase, is entitled under the Seventh Supplemental Ordinance to be so purchased unless the instrument on its face is not entitled to payment.

(r) *Time.* All times stated in this Tender Agreement shall be Columbia, South Carolina time.

IN WITNESS WHEREOF, the parties hereto have caused this Tender Agreement to be duly executed and delivered as of the date first above written by their respective officers thereunto duly authorized.

U.S. BANK NATIONAL ASSOCIATION, as
Paying Agent and Tender Agent

By: _____
Authorized Officer

CITY OF COLUMBIA, SOUTH CAROLINA

By: _____
Mayor

MORGAN KEEGAN & COMPANY,
as Remarketing Agent

By: _____
Its: _____

GRIGSBY & ASSOCIATES,
as co-Remarketing Agent

By: _____
Its: _____